

REFERENCE TITLE: school funding; English learners; Flores.

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2021

Introduced by
Representatives Lujan, Burton Cahill, Downing, Gallardo, Garcia M,
Kirkpatrick, Lopes, Lopez L, Meza, Prezelski, Rios P, Senators Aguirre,
Arzberger, Brotherton, Garcia, Rios: Representatives Bradley, Cajero
Bedford, Landrum Taylor, McCune Davis, Tom, Senator Mitchell

AN ACT

AMENDING SECTIONS 15-185, 15-241 AND 15-393, ARIZONA REVISED STATUTES;
REPEALING SECTION 15-756, ARIZONA REVISED STATUTES; RENUMBERING SECTION
15-756.01, ARIZONA REVISED STATUTES, AS SECTION 15-756.03; AMENDING TITLE 15,
CHAPTER 7, ARTICLE 3.1, ARIZONA REVISED STATUTES, BY ADDING NEW SECTIONS
15-756, 15-756.01 AND 15-756.02; AMENDING SECTIONS 15-902, 15-903, 15-904,
15-905, 15-906 AND 15-943, ARIZONA REVISED STATUTES; AMENDING SECTION 15-943,
ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTION 15-962.01,
ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 4, ARIZONA
REVISED STATUTES, BY ADDING SECTION 15-966; AMENDING SECTIONS 15-971, 15-974,
15-996 AND 41-1279.03, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS;
RELATING TO ENGLISH LANGUAGE ACQUISITION PROGRAMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this title.
10 The charter of the charter school shall include a description of the methods
11 of funding the charter school by the school district. The school district
12 shall send a copy of the charter and application, including a description of
13 how the school district plans to fund the school, to the state board of
14 education before the start of the first fiscal year of operation of the
15 charter school. The charter or application shall include an estimate of the
16 student count for the charter school for its first fiscal year of operation.
17 This estimate shall be computed pursuant to the requirements of paragraph 3
18 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS PROVIDED IN
30 SECTION 15-966 for the school district sponsoring the charter school shall be
31 increased by the amount of the additional assistance. The school district
32 shall include the full amount of the additional assistance in the funding
33 provided to the charter school.

34 (b) Compute separate weighted student counts pursuant to section
35 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
36 school pupils in order to maintain eligibility for small school district
37 support level weights authorized in section 15-943, paragraph 1 for its
38 noncharter school pupils only. The portion of a district's student count
39 that is attributable to charter school pupils is not eligible for small
40 school district support level weights.

41 4. If a school district uses the provisions of paragraph 3 of this
42 subsection, the school district is not eligible to include those pupils in
43 its student count for the purposes of computing an increase in its revenue
44 control limit and district support level as provided in section 15-948.

5. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing an increase in its capital outlay revenue limit as provided in section 15-961, subsection C, except that if the charter school was previously a school in the district, the district may include in its student count any charter school pupils who were enrolled in the school district in the prior year.

6. A school district that sponsors a charter school is not eligible to include the charter school pupils in its student count for the purpose of computing the revenue control limit which is used to determine the maximum budget increase as provided in chapter 4, article 4 of this title unless the charter school is located within the boundaries of the school district.

7. A SCHOOL DISTRICT THAT SPONSORS A CHARTER SCHOOL IS ELIGIBLE TO INCLUDE THE CHARTER SCHOOL PUPILS IN ITS STUDENT COUNT FOR THE PURPOSE OF COMPUTING THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT TO SECTION 15-966.

~~7.~~ 8. If a school district converts one or more of its district public schools to a charter school and receives assistance as prescribed in subsection B, paragraph 4 of this section, and subsequently converts the charter school back to a district public school, the school district shall repay the state the total additional assistance received for the charter school for all years that the charter school was in operation. The repayment shall be in one lump sum and shall be reduced from the school district's current year equalization assistance. The school district's general budget limit shall be reduced by the same lump sum amount in the current year.

B. Financial provisions for a charter school that is sponsored by the state board of education or the state board for charter schools are as follows:

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that sections 15-941 and 15-942 do not apply to these charter schools.

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education or the state board for charter schools may require a charter school to report periodically regarding pupil enrollment and attendance and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall

1 revise its budget before May 15. A charter school that underestimated its
2 student count may revise its budget before May 15.

3 3. A charter school may utilize section 15-855 for the purposes of
4 this section. The charter school and the department of education shall
5 prescribe procedures for determining average daily attendance and average
6 daily membership.

7 4. Equalization assistance for the charter school shall be determined
8 by adding the amount of the base support level, ~~and~~ additional assistance AND
9 ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT TO SECTION 15-966.
10 The amount of the additional assistance is one thousand three hundred thirty
11 dollars five cents per student count in kindergarten programs and grades one
12 through eight and one thousand five hundred fifty dollars fourteen cents per
13 student count in grades nine through twelve.

14 5. The state board of education shall apportion state aid from the
15 appropriations made for such purposes to the state treasurer for disbursement
16 to the charter schools in each county in an amount as determined by this
17 paragraph. The apportionments shall be made in twelve equal installments of
18 the total amount to be apportioned during the fiscal year on the fifteenth
19 day of each month of the fiscal year.

20 6. Notwithstanding paragraph 5 of this subsection, if sufficient
21 appropriated monies are available after the first forty days in session of
22 the current year, a charter school may request additional state monies to
23 fund the increased state aid due to anticipated student growth through the
24 first one hundred days or two hundred days in session, as applicable, of the
25 current year as provided in section 15-948. In no event shall a charter
26 school have received more than three-fourths of its total apportionment
27 before April 15 of the fiscal year. Early payments pursuant to this
28 subsection must be approved by the state treasurer, the director of the
29 department of administration and the superintendent of public instruction.

30 7. The charter school shall not charge tuition, levy taxes or issue
31 bonds.

32 8. Not later than noon on the day preceding each apportionment date
33 established by paragraph 5 of this subsection, the superintendent of public
34 instruction shall furnish to the state treasurer an abstract of the
35 apportionment and shall certify the apportionment to the department of
36 administration, which shall draw its warrant in favor of the charter schools
37 for the amount apportioned.

38 C. If a pupil is enrolled in both a charter school and a public school
39 that is not a charter school, the sum of the daily membership, which includes
40 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
41 subdivisions (a) and (b) and daily attendance as prescribed in section
42 15-901, subsection A, paragraph 6, for that pupil in the school district and
43 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
44 charter school and a public school that is not a charter school, the
45 department of education shall direct the average daily membership to the

1 school with the most recent enrollment date. Upon validation of actual
2 enrollment in both a charter school and a public school that is not a charter
3 school and if the sum of the daily membership or daily attendance for that
4 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
5 apportioned between the public school and the charter school based on the
6 percentage of total time that the pupil is enrolled or in attendance in the
7 public school and the charter school. The uniform system of financial
8 records shall include guidelines for the apportionment of the pupil
9 enrollment and attendance as provided in this section.

10 D. Charter schools are allowed to accept grants and gifts to
11 supplement their state funding, but it is not the intent of the charter
12 school law to require taxpayers to pay twice to educate the same pupils. The
13 base support level for a charter school or for a school district sponsoring a
14 charter school shall be reduced by an amount equal to the total amount of
15 monies received by a charter school from a federal or state agency if the
16 federal or state monies are intended for the basic maintenance and operations
17 of the school. The superintendent of public instruction shall estimate the
18 amount of the reduction for the budget year and shall revise the reduction to
19 reflect the actual amount before May 15 of the current year. If the
20 reduction results in a negative amount, the negative amount shall be used in
21 computing all budget limits and equalization assistance, except that:

22 1. Equalization assistance shall not be less than zero.

23 2. For a charter school sponsored by the state board of education or
24 the state board for charter schools, the total of the base support level, the
25 capital outlay revenue limit, the soft capital allocation, ~~and the~~ additional
26 assistance ~~AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION PURSUANT~~
27 ~~TO SECTION 15-966~~ shall not be less than zero.

28 3. For a charter school sponsored by a school district, the base
29 support level for the school district shall not be reduced by more than the
30 amount that the charter school increased the district's base support level,
31 capital outlay revenue limit, ~~and~~ soft capital allocation ~~AND ENGLISH~~
32 ~~LANGUAGE ACQUISITION PROGRAM ALLOCATION~~.

33 E. If a charter school was a district public school in the prior year
34 and is now being operated for or by the same school district and sponsored by
35 the state board of education, the state board for charter schools or a school
36 district governing board, the reduction in subsection D of this section
37 applies. The reduction to the base support level of the charter school or
38 the sponsoring district of the charter school shall equal the sum of the base
39 support level and the additional assistance received in the current year for
40 those pupils who were enrolled in the traditional public school in the prior
41 year and are now enrolled in the charter school in the current year.

42 F. Equalization assistance for charter schools shall be provided as a
43 single amount based on average daily membership without categorical
44 distinctions between maintenance and operations or capital.

1 G. At the request of a charter school, the county school
2 superintendent of the county where the charter school is located may provide
3 the same educational services to the charter school as prescribed in section
4 15-308, subsection A. The county school superintendent may charge a fee to
5 recover costs for providing educational services to charter schools.

6 H. If the sponsor of the charter school determines at a public meeting
7 that the charter school is not in compliance with federal law, with the laws
8 of this state or with its charter, the sponsor of a charter school may submit
9 a request to the department of education to withhold up to ten per cent of
10 the monthly apportionment of state aid that would otherwise be due the
11 charter school. The department of education shall adjust the charter
12 school's apportionment accordingly. The sponsor shall provide written notice
13 to the charter school at least seventy-two hours before the meeting and shall
14 allow the charter school to respond to the allegations of noncompliance at
15 the meeting before the sponsor makes a final determination to notify the
16 department of education of noncompliance. The charter school shall submit a
17 corrective action plan to the sponsor on a date specified by the sponsor at
18 the meeting. The corrective action plan shall be designed to correct
19 deficiencies at the charter school and to ensure that the charter school
20 promptly returns to compliance. When the sponsor determines that the charter
21 school is in compliance, the department of education shall restore the full
22 amount of state aid payments to the charter school.

23 I. A charter school may receive and spend monies distributed by the
24 department of education pursuant to section 42-5029, subsection E and section
25 37-521, subsection B.

26 J. For the purposes of this section:

27 1. "Monies intended for the basic maintenance and operations of the
28 school" means monies intended to provide support for the educational program
29 of the school, except that it does not include supplemental assistance for a
30 specific purpose or P.L. 81-874 monies. The auditor general shall determine
31 which federal or state monies meet the definition in this paragraph.

32 2. "Operated for or by the same school district" means the charter
33 school is either governed by the same district governing board or operated by
34 the district in the same manner as other traditional schools in the district
35 or is operated by an independent party that has a contract with the school
36 district. The auditor general and the department of education shall
37 determine which charter schools meet the definition in this subsection.

38 Sec. 2. Section 15-241, Arizona Revised Statutes, is amended to read:

39 15-241. School accountability; schools failing to meet academic
40 standards; failing schools tutoring fund

41 A. The department of education shall compile an annual achievement
42 profile for each public school.

43 B. Each school shall submit to the department any data that is
44 required and requested and that is necessary to compile the achievement
45 profile. A school that fails to submit the information that is necessary is

1 not eligible to receive monies from the classroom site fund established by
2 section 15-977.

3 C. The department shall establish a baseline achievement profile for
4 each school by October 15, 2001. The baseline achievement profile shall be
5 used to determine a standard measurement of acceptable academic progress for
6 each school and a school classification pursuant to subsection G of this
7 section. Any disclosure of educational records compiled by the department of
8 education pursuant to this section shall comply with the family educational
9 and privacy rights act of 1974 (20 United States Code section 1232g).

10 D. The achievement profile for schools that offer instruction in
11 kindergarten programs and grades one through eight, or any combination of
12 those programs or grades, shall include the following school academic
13 performance indicators:

14 1. The Arizona measure of academic progress. The department shall
15 compute the extent of academic progress made by the pupils in each school
16 during the course of each year.

17 2. The Arizona instrument to measure standards test. The department
18 shall compute the percentage of pupils who meet or exceed the standard on the
19 Arizona instrument to measure standards test, as prescribed by the state
20 board of education.

21 E. The achievement profile for schools that offer instruction in
22 grades nine through twelve, or any combination of those grades, shall include
23 the following school academic performance indicators:

24 1. The Arizona instrument to measure standards test. The department
25 shall compute the percentage of pupils pursuant to subsection F of this
26 section who meet or exceed the standard on the Arizona instrument to measure
27 standards test, as prescribed by the state board of education.

28 2. The annual dropout rate.

29 3. The annual graduation rate.

30 F. Subject to final adoption by the state board of education, the
31 department shall determine the criteria for each school classification using
32 a research based methodology. The methodology shall include the performance
33 of pupils at all achievement levels, account for pupil mobility, account for
34 the distribution of pupil achievement at each school and include longitudinal
35 indicators of academic performance. For the purposes of this subsection,
36 "research based methodology" means the systematic and objective application
37 of statistical and quantitative research principles to determine a standard
38 measurement of acceptable academic progress for each school.

39 G. The achievement profile shall be used to determine a school
40 classification that designates each school as one of the following:

41 1. An excelling school.

42 2. A highly performing school.

43 3. A performing school.

44 4. An underperforming school.

45 5. A school failing to meet academic standards.

1 H. The classification for each school and the criteria used to
2 determine classification pursuant to subsection F of this section shall be
3 included on the school report card prescribed in section 15-746.

4 I. Subject to final adoption by the state board of education, the
5 department of education shall develop a parallel achievement profile for
6 accommodation schools, alternative schools as defined by the state board of
7 education and schools with a student count of fewer than one hundred pupils.

8 J. If a school is designated as an underperforming school, within
9 ninety days after receiving notice of the designation, the governing board
10 shall develop an improvement plan for the school, submit a copy of the plan
11 to the superintendent of public instruction and supervise the implementation
12 of the plan. The plan shall include necessary components as identified by
13 the state board of education. Within thirty days after submitting the
14 improvement plan to the superintendent of public instruction, the governing
15 board shall hold a special public meeting in each school that has been
16 designated as an underperforming school and shall present the respective
17 improvement plans that have been developed for each school. The school
18 district governing board, within thirty days of receiving notice of the
19 designation, shall provide written notification of the classification to each
20 residence within the attendance area of the school. The notice shall explain
21 the improvement plan process and provide information regarding the public
22 meeting required by this subsection.

23 K. A school that has not submitted an improvement plan pursuant to
24 subsection J of this section is not eligible to receive monies from the
25 classroom site fund established by section 15-977 for every day that a plan
26 has not been received by the superintendent of public instruction within the
27 time specified in subsection J of this section plus an additional ninety
28 days. The state board of education shall require the superintendent of the
29 school district to testify before the board and explain the reasons that an
30 improvement plan for that school has not been submitted.

31 L. If a charter school is designated as an underperforming school,
32 within thirty days the school shall notify the parents of the students
33 attending the school of the classification. The notice shall explain the
34 improvement plan process and provide information regarding the public meeting
35 required by this subsection. Within ninety days of receiving the
36 classification, the charter holder shall present an improvement plan to the
37 charter sponsor at a public meeting and submit a copy of the plan to the
38 superintendent of public instruction. The improvement plan shall include
39 necessary components as identified by the state board of education. For
40 every day that an improvement plan is not received by the superintendent of
41 public instruction, the school is not eligible to receive monies from the
42 classroom site fund established by section 15-977 for ninety days plus every
43 day that a plan is not received. The charter holder shall appear before the
44 sponsoring board and explain why the improvement plan has not been submitted.

1 M. The department of education shall establish an appeals process, to
2 be approved by the state board of education, for a school to appeal data used
3 to determine the achievement profile of the school. The criteria established
4 shall be based on mitigating factors and may include a visit to the school
5 site by the department of education.

6 N. If a school remains classified as an underperforming school for a
7 third consecutive year, the department of education shall visit the school
8 site to confirm the classification data and to review the implementation of
9 the school's improvement plan. The school shall be classified as failing to
10 meet academic standards unless an alternate classification is made after an
11 appeal pursuant to subsection M of this section.

12 O. The school district governing board, within thirty days of
13 receiving notice of the school failing to meet academic standards
14 classification, shall provide written notification of the classification to
15 each residence in the attendance area of the school. The notice shall
16 explain the improvement plan process and provide information regarding the
17 public meeting required by subsection R of this section.

18 P. The superintendent of public instruction, based on need, shall
19 assign a solutions team to an underperforming school or a school failing to
20 meet academic standards comprised of master teachers, fiscal analysts and
21 curriculum assessment experts who are certified by the state board of
22 education as Arizona academic standards technicians. The department of
23 education may hire or contract with administrators, principals and teachers
24 who have demonstrated experience with the characteristics and situations in
25 an underperforming school or a school failing to meet academic standards and
26 may use these personnel as part of the solutions team. The team shall work
27 with staff at the school to assist in curricula alignment and shall instruct
28 teachers on how to increase pupil academic progress, considering the school's
29 achievement profile. The team shall select two master teachers to be
30 employed by the school. The solutions team shall consider the existing
31 improvement plan to assess the need for changes to curriculum, professional
32 development and resource allocation.

33 Q. The parent or the guardian of the pupil may apply to the department
34 of education, in a manner determined by the department of education, for a
35 certificate of supplemental instruction from the failing schools tutoring
36 fund established by this section. Pupils attending a school designated as an
37 underperforming school or a school failing to meet academic standards or a
38 pupil who has failed to pass one or more portions of the Arizona instrument
39 to measure standards test in order to graduate from high school may select an
40 alternative tutoring program in academic standards from a provider that is
41 certified by the state board of education. To qualify, the provider must
42 guarantee in writing a stated level of academic improvement for the pupil
43 that includes a timeline for improvement that is agreed to by the parent or
44 guardian of the pupil and the provider shall agree to refund to the state the
45 standards assistance grant monies if the guaranteed level of academic

1 improvement is not met. The state board of education shall determine the
2 application guidelines and the maximum value for each certificate of
3 supplemental instruction. The state board of education shall annually
4 complete a market survey in order to determine the maximum value for each
5 certificate of supplemental instruction. Nothing in this subsection shall be
6 construed to require the state to provide additional monies beyond the monies
7 provided pursuant to section 42-5029, subsection E, paragraph 7.

8 R. Within sixty days of receiving notification of designation as a
9 school failing to meet academic standards, the school district governing
10 board shall evaluate needed changes to the existing improvement plan for the
11 school, consider recommendations from the solutions team, submit a copy of
12 the plan to the superintendent of public instruction and supervise the
13 implementation of the plan. Within thirty days after submitting the
14 improvement plan to the superintendent of public instruction, the governing
15 board shall hold a public meeting in each school that has been designated as
16 a school failing to meet academic standards and shall present the respective
17 improvement plans that have been developed for each school.

18 S. A school that has not submitted an improvement plan pursuant to
19 subsection R of this section is not eligible to receive monies from the
20 classroom site fund established by section 15-977 for every day that a plan
21 has not been received by the superintendent of public instruction within the
22 time specified in subsection R of this section plus an additional ninety
23 days. The state board of education shall require the superintendent of the
24 school district to testify before the board and explain the reasons that an
25 improvement plan for that school has not been submitted.

26 T. If a charter school is designated as a school failing to meet
27 academic standards, the department of education shall immediately notify the
28 charter school's sponsor. The charter school's sponsor shall either take
29 action to restore the charter school to acceptable performance or revoke the
30 charter school's charter. Within thirty days the school shall notify the
31 parents of the students attending the school of the classification and of any
32 pending public meetings to review the issue.

33 U. A school that has been designated as a school failing to meet
34 academic standards shall be evaluated by the department of education to
35 determine if the school failed to properly implement its school improvement
36 plan, the alignment of the curriculum with academic standards, teacher
37 training, budget prioritization or other proven strategies to improve
38 academic performance. After visiting the school site pursuant to subsection
39 N of this section, the department of education shall submit to the state
40 board of education a recommendation to proceed pursuant to subsections P, Q
41 and R of this section or that the school be subject to a public hearing to
42 determine if the school failed to properly implement its improvement plan and
43 the reasons for the department's recommendation.

1 V. If the department does recommend a public hearing, the state board
2 of education shall meet and may provide by a majority vote at the public
3 hearing for the continued operation of the school as allowed by this
4 subsection. The state board of education shall determine whether
5 governmental, nonprofit and private organizations may submit applications to
6 the state board to fully or partially manage the school. The state board's
7 determination shall include:

8 1. If and to what extent the local governing board may participate in
9 the operation of the school including personnel matters.

10 2. If and to what extent the state board of education shall
11 participate in the operation of the school.

12 3. Resource allocation pursuant to subsection X of this section.

13 4. Provisions for the development and submittal of a school
14 improvement plan to be presented in a public meeting at the school.

15 5. A suggested time frame for the alternative operation of the school.

16 W. The state board shall periodically review the status of a school
17 that is operated by an organization other than the school district governing
18 board to determine whether the operation of the school should be returned to
19 the school district governing board. Before the state board makes a
20 determination, the state board or its designee shall meet with the school
21 district governing board or its designee to determine the time frame,
22 operational considerations and the appropriate continuation of existing
23 improvements that are necessary to assure a smooth transition of authority
24 from the other organization back to the school district governing board.

25 X. If an alternative operation plan is provided pursuant to subsection
26 V of this section, the state board of education shall pay for the operation
27 of the school and shall adjust the school district's student count pursuant
28 to section 15-902, soft capital allocation pursuant to section 15-962,
29 capital outlay revenue limit pursuant to section 15-961, base support level
30 pursuant to section 15-943, [ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION](#)
31 [PURSUANT TO SECTION 15-966](#), monies distributed from the classroom site fund
32 established ~~in~~ BY section 15-977 and transportation support level pursuant to
33 section 15-945 to accurately reflect any reduction in district services that
34 are no longer provided to that school by the district. The state board of
35 education may modify the school district's revenue control limit, the
36 district support level and the general budget limit calculated pursuant to
37 section 15-947 by an amount that corresponds to this reduction in services.
38 The state board of education shall retain the portion of state aid that would
39 otherwise be due the school district for the school and shall distribute that
40 portion of state aid directly to the organization that contracts with the
41 state board of education to operate the school.

42 Y. If the state board of education determines that a charter school
43 failed to properly implement its improvement plan, the sponsor of the charter
44 school shall revoke the charter school's charter.

1 Z. If there are more than two schools in a district and more than
2 one-half, or in any case more than five, of the schools in the district are
3 designated as schools failing to meet academic standards for more than two
4 consecutive years, in the next election of members of the governing board the
5 election ballot shall contain the following statement immediately above the
6 listing of governing board candidates:

7 Within the last five years, (number of schools) schools in the
8 _____ school district have been designated as "schools
9 failing to meet academic standards" by the superintendent of
10 public instruction.

11 AA. At least twice each year the department of education shall publish
12 in a newspaper of general circulation in each county of this state a list of
13 schools that are designated as schools failing to meet academic standards.

14 BB. The failing schools tutoring fund is established consisting of
15 monies collected pursuant to section 42-5029, subsection E as designated for
16 this purpose. The department of education shall administer the fund.

17 Sec. 3. Section 15-393, Arizona Revised Statutes, is amended to read:

18 15-393. Joint technological education district governing board;
19 definition

20 A. The management and control of the joint district are vested in the
21 joint technological education district governing board. Unless the governing
22 boards of the school districts participating in the formation of the joint
23 district vote to implement an alternative election system as provided in
24 subsection B of this section, the joint board shall consist of five members
25 elected from five single member districts formed within the joint district.
26 The single member district election system shall be submitted as part of the
27 plan for the joint district pursuant to section 15-392 and shall be
28 established in the plan as follows:

29 1. The governing boards of the school districts participating in the
30 formation of the joint district shall define the boundaries of the single
31 member districts so that the single member districts are as nearly equal in
32 population as is practicable, except that if the joint district lies in part
33 in each of two or more counties, at least one single member district may be
34 entirely within each of the counties comprising the joint district if this
35 district design is consistent with the obligation to equalize the population
36 among single member districts.

37 2. The boundaries of each single member district shall follow election
38 precinct boundary lines, as far as practicable, in order to avoid further
39 segmentation of the precincts.

40 3. A person who is a registered voter of this state and who is a
41 resident of the single member district is eligible for election to the office
42 of joint board member from the single member district. The terms of office
43 of the members of the joint board shall be as prescribed in section 15-427,
44 subsection B.

1 4. Nominating petitions shall be signed by the number of qualified
2 electors of the single member district as provided in section 16-322.

3 B. The governing boards of the school districts participating in the
4 formation of the joint district may vote to implement any other alternative
5 election system for the election of joint district board members. If an
6 alternative election system is selected, it shall be submitted as part of the
7 plan for the joint district pursuant to section 15-392, and the
8 implementation of the system shall be as approved by the United States
9 justice department.

10 C. The joint technological education district shall be subject to the
11 following provisions of this title:

- 12 1. Chapter 1, articles 1 through 6.
- 13 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 14 3. Articles 2, 3 and 5 of this chapter.
- 15 4. Section 15-361.
- 16 5. Chapter 4, articles 1, 2 and 5.
- 17 6. Chapter 5, articles 1, 2 and 3.
- 18 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
19 and 15-730.
- 20 8. Chapter 7, article 5.
- 21 9. Chapter 8, articles 1, 3 and 4.
- 22 10. Sections 15-828 and 15-829.
- 23 11. Chapter 9, articles 1, 6 and 7.
- 24 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 25 13. Sections 15-1101 and 15-1104.
- 26 14. Chapter 10, articles 2, 3, 4 and 8.

27 D. Notwithstanding subsection C of this section, the following apply
28 to a joint technological education district:

29 1. A joint district may issue bonds for the purposes specified in
30 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
31 aggregate, including the existing indebtedness, not exceeding one per cent of
32 the taxable property used for secondary tax purposes, as determined pursuant
33 to title 42, chapter 15, article 1, within the joint technological education
34 district as ascertained by the last property tax assessment previous to
35 issuing the bonds.

36 2. The number of governing board members for a joint district shall be
37 as prescribed in subsection A of this section.

38 3. If a career and technical education and vocational education course
39 or program provided pursuant to this article is provided in a facility owned
40 or operated by a school district in which a pupil is enrolled, including
41 satellite courses, the sum of the daily attendance, as provided in section
42 15-901, subsection A, paragraph 6, for that pupil in both the school district
43 and joint technological education district shall not exceed 1.250 and the sum
44 of the fractional student enrollment, as provided in section 15-901,
45 subsection A, paragraph 2, subdivision (a), shall not exceed 1.250 for the

1 courses taken in the school district and the facility, including satellite
2 courses. The school district and the joint district shall determine the
3 apportionment of the daily attendance and fractional student enrollment for
4 that pupil between the school district and the joint district.

5 4. The student count for the first year of operation of a joint
6 technological education district as provided in this article shall be
7 determined as follows:

8 (a) Determine the estimated student count for joint district classes
9 that will operate in the first year of operation. This estimate shall be
10 based on actual registration of pupils as of March 30 scheduled to attend
11 classes that will be operated by the joint district. The student count for
12 the district of residence of the pupils registered at the joint district
13 shall be adjusted. The adjustment shall cause the district of residence to
14 reduce the student count for the pupil to reflect the courses to be taken at
15 the joint district. The district of residence shall review and approve the
16 adjustment of its own student count as provided in this subdivision before
17 the pupils from the school district can be added to the student count of the
18 joint district.

19 (b) The student count for the new joint district shall be the student
20 count as determined in subdivision (a) OF THIS PARAGRAPH.

21 (c) After the first one hundred days or two hundred days in session,
22 as applicable, for the first year of operation, the joint district shall
23 revise the student count to the actual student count for students attending
24 classes in the joint district. A joint district shall revise its student
25 count, the base support level as provided in section 15-943.02, the revenue
26 control limit as provided in section 15-944.01, the capital outlay revenue
27 limit, ~~and~~ the soft capital allocation as provided in section 15-962.01 AND
28 THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS PROVIDED IN SECTION
29 15-966 prior to May 15. A joint district that overestimated its student
30 count shall revise its budget prior to May 15. A joint district that
31 underestimated its student count may revise its budget prior to May 15.

32 (d) After the first one hundred days or two hundred days in session,
33 as applicable, for the first year of operation, the district of residence
34 shall adjust its student count by reducing it to reflect the courses actually
35 taken at the joint district. The district of residence shall revise its
36 student count, the base support level as provided in section 15-943, the
37 revenue control limit as provided in section 15-944, the capital outlay
38 revenue limit as provided in section 15-961, ~~and~~ the soft capital allocation
39 as provided in section 15-962 AND THE ENGLISH LANGUAGE ACQUISITION PROGRAM
40 ALLOCATION AS PROVIDED IN SECTION 15-966 prior to May 15. A district that
41 underestimated the student count for students attending the joint district
42 shall revise its budget prior to May 15. A district that overestimated the
43 student count for students attending the joint district may revise its budget
44 prior to May 15.

1 (e) A joint district for the first year of operation shall not be
2 eligible for adjustment pursuant to section 15-948.

3 (f) The procedures for implementing this paragraph shall be as
4 prescribed in the uniform system of financial records.

5 (g) If the district of residence utilizes section 15-942 to determine
6 its student count, the district shall reduce its student count as provided in
7 this paragraph by subtracting the appropriate count from the student count
8 determined as provided in section 15-942.

9 For the purposes of this paragraph, "district of residence" means the
10 district that included the pupil in its average daily membership for the year
11 before the first year of operation of the joint district and that would have
12 included the pupil in its student count for the purposes of computing its
13 base support level for the fiscal year of the first year of operation of the
14 joint district if the pupil had not enrolled in the joint district.

15 5. A student includes any person enrolled in the joint district
16 without regard to the person's age or high school graduation status, except
17 that:

18 (a) A student in a kindergarten program or in grades one through eight
19 who enrolls in courses offered by the joint technological education district
20 shall not be included in the joint district's average daily attendance or
21 average daily membership.

22 (b) A student in a kindergarten program or in grades one through six
23 who is enrolled in vocational education courses shall not be funded in whole
24 or in part with monies provided by a joint technological education district.

25 (c) A student who is over twenty-two years of age shall not be
26 included in the student count of the joint district for the purposes of
27 chapter 9, articles 3, 4 and 5 of this title.

28 6. A joint district may operate for more than one hundred seventy-five
29 days per year, with expanded hours of service.

30 7. A joint district may use the excess utility costs provisions of
31 section 15-910 in the same manner as a school district for fiscal years
32 1999-2000 and 2000-2001, except that the base year shall be the first full
33 fiscal year of operations.

34 8. A joint district may use the carryforward provisions of section
35 15-943.01 retroactively to July 1, 1993.

36 9. A school district that is part of a joint district shall use any
37 monies received pursuant to this article to supplement and not supplant base
38 year career and technical education and vocational education courses, and
39 directly related equipment and facilities, except that a school district that
40 is part of a joint technological education district and that has used monies
41 received pursuant to this article to supplant career and technological
42 education and vocational education courses that were offered before the first
43 year that the school district participated in the joint district or the first
44 year that the school district used monies received pursuant to this article

1 or that used the monies for purposes other than for career and technological
2 education and vocational education courses shall:

3 (a) Use at least thirty-three per cent of the monies received pursuant
4 to this article in fiscal year 2005-2006 to supplement and not supplant base
5 year career and technical education and vocational education courses.

6 (b) Use at least sixty-six per cent of the monies received pursuant to
7 this article in fiscal year 2006-2007 to supplement and not supplant base
8 year career and technical education and vocational education courses.

9 (c) Use one hundred per cent of the monies received pursuant to this
10 article in fiscal year 2007-2008 and each fiscal year thereafter to
11 supplement and not supplant base year career and technical education and
12 vocational education courses.

13 10. A joint technological education district shall use any monies
14 received pursuant to this article to enhance career and technical education
15 and vocational education courses, ~~and~~ and directly related equipment and
16 facilities.

17 11. A joint technological education district or a school district that
18 is part of a joint district shall only include pupils in grades nine through
19 twelve in the calculation of average daily membership or average daily
20 attendance if the pupils are enrolled in courses that are approved jointly by
21 the governing board of the joint technological education district and each
22 participating school district for satellite courses taught within the
23 participating school district, or approved solely by the joint technological
24 education district for centrally located courses. Average daily membership
25 and average daily attendance from courses that are not part of an approved
26 program for career and technical education shall not be included in average
27 daily membership and average daily attendance of a joint technological
28 education district.

29 E. The joint board shall appoint a superintendent as the executive
30 officer of the joint district.

31 F. Taxes may be levied for the support of the joint district as
32 prescribed in chapter 9, article 6 of this title. Except for the taxes
33 levied pursuant to section 15-994, such taxes shall be obtained from a levy
34 of taxes on the taxable property used for secondary tax purposes.

35 G. The schools in the joint district are available to all persons who
36 reside in the joint district subject to the rules for admission prescribed by
37 the joint board.

38 H. The joint board may collect tuition for adult students and the
39 attendance of pupils who are residents of school districts that are not
40 participating in the joint district pursuant to arrangements made between the
41 governing board of the district and the joint board.

42 I. The joint board may accept gifts, grants, federal monies, tuition
43 and other allocations of monies to erect, repair and equip buildings and for
44 the cost of operation of the schools of the joint district.

1 J. One member of the joint board shall be selected chairman. The
2 chairman shall be selected annually on a rotation basis from among the
3 participating school districts. The chairman of the joint board shall be a
4 voting member.

5 K. A joint board and a community college district may enter into
6 agreements for the provision of administrative, operational and educational
7 services and facilities.

8 L. For the purposes of this section, "base year" means the complete
9 school year in which voters of a school district elected to join a joint
10 technological education district.

11 Sec. 4. Repeal

12 Section 15-756, Arizona Revised Statutes, is repealed.

13 Sec. 5. Renumber

14 Section 15-756.01, Arizona Revised Statutes, is renumbered as section
15 15-756.03.

16 Sec. 6. Title 15, chapter 7, article 3.1, Arizona Revised Statutes, is
17 amended by adding new sections 15-756, 15-756.01 and 15-756.02, to read:

18 15-756. Programs for English language learners; state board of
19 education; duties; definition

20 A. THE STATE BOARD OF EDUCATION SHALL:

21 1. PRESCRIBE THE MANNER IN WHICH THE PRIMARY OR HOME LANGUAGE FOR ALL
22 NEW PUPILS WHO ENROLL IN A SCHOOL DISTRICT OR CHARTER SCHOOL SHALL BE
23 IDENTIFIED.

24 2. PRESCRIBE THE MANNER IN WHICH THE ENGLISH LANGUAGE PROFICIENCY OF
25 ALL PUPILS WITH A PRIMARY OR HOME LANGUAGE OTHER THAN ENGLISH SHALL BE
26 ASSESSED AND REASSESSED THROUGH THE ADMINISTRATION OF ENGLISH LANGUAGE
27 PROFICIENCY EXAMS.

28 3. PRESCRIBE THE MANNER IN WHICH THE PROCESS OF REASSESSMENT OF
29 ENGLISH LANGUAGE LEARNERS FOR THE PURPOSE OF DETERMINING ENGLISH LANGUAGE
30 PROFICIENCY SHALL BE CONDUCTED. IF THE TEST USED IN PARAGRAPH 2 IS USED TO
31 REASSESS ENGLISH LANGUAGE PROFICIENCY, THE PUPIL MUST SCORE AT OR ABOVE THE
32 PROFICIENCY SCORE ESTABLISHED FOR THAT TEST. THE PASSING SCORE CANNOT BE
33 LOWER THAN THE PASSING SCORE ESTABLISHED FOR THE PURPOSES OF PARAGRAPH 2.

34 4. PRESCRIBE THE MANNER IN WHICH THE EVALUATION OF FORMER ENGLISH
35 LANGUAGE LEARNERS SHALL BE CONDUCTED FOR THE TWO YEARS FOLLOWING THE PUPIL'S
36 DESIGNATION AS ENGLISH LANGUAGE PROFICIENT FOR THE PURPOSE OF IDENTIFYING
37 PUPILS WHO ARE ELIGIBLE FOR COMPENSATORY INSTRUCTION. THE EVALUATION SHALL
38 RESULT IN COMPENSATORY INSTRUCTION IF THE STUDENT IS NOT DETERMINED TO BE
39 PROFICIENT IN THE ENGLISH LANGUAGE PURSUANT TO THE TESTS MANDATED IN
40 PARAGRAPH 2 OR ACHIEVE A PASSING SCORE ON THE ARIZONA INSTRUMENT TO MEASURE
41 STANDARDS TEST ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION
42 15-741. THE STATE BOARD SHALL IDENTIFY AND ADOPT A MANNER OF EVALUATION FOR
43 THOSE PUPILS WHO DO NOT TAKE THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST
44 BECAUSE THE TEST IS NOT ADMINISTERED IN THE PUPIL'S GRADE AND TO ASSESS

1 PROGRESS IN ACADEMIC SUBJECTS THAT ARE NOT ASSESSED BY THE ARIZONA INSTRUMENT
2 TO MEASURE STANDARDS TEST.

3 5. ADOPT GUIDELINES FOR PARENTAL NOTIFICATION OF THE NEED FOR
4 COMPENSATORY INSTRUCTION AND FOR REQUESTING PARENTAL CONSENT FOR COMPENSATORY
5 INSTRUCTION.

6 6. ADOPT GUIDELINES FOR USE BY SCHOOL DISTRICTS AND CHARTER SCHOOLS TO
7 DEVELOP WRITTEN INDIVIDUAL COMPENSATORY PLANS FOR PUPILS FOR THE PURPOSES OF
8 DELIVERING THE COMPENSATORY INSTRUCTION REQUIRED IN PARAGRAPH 4.

9 7. PRESCRIBE THE MANNER IN WHICH TRAINING THAT IS NOT PROVIDED BY A
10 COLLEGE OR UNIVERSITY MAY BE ALLOWED TO SUBSTITUTE FOR ANY OF THE COURSES
11 REQUIRED FOR A STRUCTURED ENGLISH IMMERSION ENDORSEMENT OR A BILINGUAL
12 EDUCATION ENDORSEMENT IF ALL OF THE FOLLOWING CONDITIONS APPLY:

13 (a) THE STATE BOARD OF EDUCATION HAS REVIEWED THE CURRICULUM,
14 TEXTBOOKS, GRADING PROCEDURES AND ATTENDANCE POLICIES AND DETERMINED THAT THE
15 TRAINING IS COMPARABLE IN AMOUNT, SCOPE AND QUALITY TO A COURSE OFFERED BY A
16 COLLEGE OR UNIVERSITY FOR A STRUCTURED ENGLISH IMMERSION OR BILINGUAL
17 EDUCATION ENDORSEMENT.

18 (b) THE TRAINING MEETS THE PROFESSIONAL TEACHING STANDARDS ADOPTED BY
19 THE STATE BOARD OF EDUCATION.

20 (c) THE STATE BOARD OF EDUCATION HAS REVIEWED THE QUALIFICATIONS OF
21 THE INSTRUCTOR AND DETERMINED THAT THE INSTRUCTOR HAS SUFFICIENT EXPERIENCE
22 TO EFFECTIVELY CONDUCT THE TRAINING.

23 8. DEVELOP AND IDENTIFY BEST PRACTICES MODELS AND STRATEGIES FOR
24 EFFECTIVE COMPLIANCE WITH STRUCTURED ENGLISH IMMERSION PROGRAMS AND OTHER
25 LANGUAGE ACQUISITION STRATEGIES PURSUANT TO THIS ARTICLE. THE BEST PRACTICES
26 MODELS AND STRATEGIES SHALL BE BASED ON PROFICIENCY IN BOTH THE ENGLISH
27 LANGUAGE AND THE ARIZONA ACADEMIC STANDARDS. THE STATE BOARD OF EDUCATION IS
28 EXEMPT FROM THE RULE MAKING REQUIREMENTS OF TITLE 41, CHAPTER 6 FOR THE
29 PURPOSES OF THIS PARAGRAPH. THE STATE BOARD SHALL CONDUCT AT LEAST TWO
30 PUBLIC HEARINGS WHERE PUBLIC TESTIMONY IS ALLOWED BEFORE THE STATE BOARD
31 ADOPTS OR AMENDS THE BEST PRACTICES MODELS AND STRATEGIES REQUIRED BY THIS
32 PARAGRAPH.

33 9. IDENTIFY AND APPROVE BEST PRACTICES, RESEARCH BASED STRATEGIES AND
34 HIGHLY EFFECTIVE PROGRAMS FOR CONTINUING PROFESSIONAL DEVELOPMENT FOR
35 TEACHERS WHO ARE DESIGNATED TO DELIVER ENGLISH ACQUISITION CURRICULUM AND TO
36 ASSIST ENGLISH LANGUAGE LEARNERS IN ACHIEVING ACADEMIC PROFICIENCY.

37 10. IDENTIFY BEST PRACTICES AND HIGHLY EFFECTIVE RESEARCH BASED
38 PROGRAMS TO GUIDE SCHOOLS IN DELIVERING ENGLISH ACQUISITION PROGRAMS,
39 INCLUDING PROGRAMS THAT ASSIST ENGLISH LANGUAGE LEARNERS IN ACHIEVING
40 ACADEMIC PROFICIENCY.

41 11. IDENTIFY SCHOOL DISTRICTS AND SCHOOLS THAT ARE IN COMPLIANCE WITH
42 STATE LAW CONCERNING ENGLISH LANGUAGE LEARNERS AND THAT ARE HIGHLY SUCCESSFUL
43 IN MEETING THE REQUIREMENTS OF STATE LAW.

44 12. IN COOPERATION WITH PUBLIC AND PRIVATE HIGHER EDUCATION
45 INSTITUTIONS IN THIS STATE, IDENTIFY THE TRAINING NEEDS OF STUDENTS IN

1 TEACHER PREPARATION PROGRAMS AND DEVELOP ONGOING PROFESSIONAL DEVELOPMENT
2 PROGRAMS.

3 B. THE STATE BOARD OF EDUCATION SHALL REVIEW ANNUALLY THE ADOPTED
4 MODELS AND STRATEGIES AND DELETE, ADD OR MODIFY THE EXISTING MODELS AND
5 STRATEGIES BASED ON DATA SUBMITTED BY THE SCHOOL DISTRICTS AND CHARTER
6 SCHOOLS REGARDING SUCCESS IN MEETING BOTH PROFICIENCY IN ENGLISH AND THE
7 ADOPTED ACADEMIC STANDARDS.

8 C. FOR THE PURPOSES OF THIS SECTION, "COMPENSATORY INSTRUCTION" HAS
9 THE SAME MEANING PRESCRIBED IN SECTION 15-966.

10 15-756.01. School districts and charter schools; English
11 language learner programs; adoption and
12 implementation

13 A. BY THE BEGINNING OF THE 2006-2007 SCHOOL YEAR, EVERY SCHOOL
14 DISTRICT AND CHARTER SCHOOL SHALL ADOPT AND IMPLEMENT AN ENGLISH LANGUAGE
15 LEARNER PROGRAM THAT IS BASED ON THE MODELS AND STRATEGIES ADOPTED BY THE
16 STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-756.

17 B. IF A SCHOOL DISTRICT OR CHARTER SCHOOL WANTS TO ADOPT A ENGLISH
18 LANGUAGE LEARNER PROGRAM THAT IS NOT BASED ON A MODEL OR STRATEGY ADOPTED BY
19 THE STATE BOARD OF EDUCATION, THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL
20 FIRST SUBMIT THE PROPOSED PROGRAM ALONG WITH SUPPORTING DOCUMENTATION
21 REGARDING THE EXPECTED OUTCOMES OF THE PROGRAM ON THE DISTRICT'S OR CHARTER
22 SCHOOL'S ENGLISH LANGUAGE LEARNER STUDENTS TO THE STATE BOARD OF EDUCATION
23 FOR APPROVAL.

24 C. ON RECEIPT OF A PROPOSED PROGRAM FROM A SCHOOL DISTRICT OR CHARTER
25 SCHOOL, THE STATE BOARD OF EDUCATION MAY DO ONE OF THE FOLLOWING:

26 1. APPROVE THE PROPOSED PROGRAM.

27 2. PROVIDE LIMITED APPROVAL SUBJECT TO SPECIFIC STIPULATIONS
28 PRESCRIBED BY THE BOARD.

29 3. REJECT THE PROPOSED PROGRAM AND IDENTIFY A MODEL OR STRATEGY
30 APPROVED BY THE BOARD FOR THE DISTRICT OR CHARTER SCHOOL TO ADOPT.

31 D. SCHOOL DISTRICTS AND CHARTER SCHOOLS SHALL INCLUDE A COPY OF THE
32 ADOPTED ENGLISH LANGUAGE LEARNER PROGRAM IN THE ANNUAL REPORT REQUIRED IN
33 SECTION 15-756.02, SUBSECTION B.

34 15-756.02. Programs for English language learners; department
35 of education; monitoring; reporting;
36 superintendent of public instruction; federal
37 funding

38 A. THE DEPARTMENT OF EDUCATION SHALL DEVELOP GUIDELINES FOR THE
39 MONITORING OF SCHOOL DISTRICTS AND CHARTER SCHOOLS BEGINNING IN THE 2006-2007
40 SCHOOL YEAR FOR THE PURPOSES OF ENSURING COMPLIANCE WITH ALL FEDERAL AND
41 STATE LAWS REGARDING ENGLISH LANGUAGE LEARNERS PURSUANT TO THE FOLLOWING
42 CRITERIA:

43 1. EACH YEAR AT LEAST TWELVE SCHOOL DISTRICTS OR CHARTER SCHOOLS FROM
44 THE FIFTY SCHOOL DISTRICTS OR CHARTER SCHOOLS IN THIS STATE WITH THE HIGHEST
45 NUMBER OF ENGLISH LANGUAGE LEARNERS SHALL BE MONITORED. THE DEPARTMENT OF

1 EDUCATION SHALL MONITOR ALL FIFTY SCHOOL DISTRICTS OR CHARTER SCHOOLS WITH
2 THE HIGHEST NUMBER OF ENGLISH LANGUAGE LEARNERS IN THIS STATE AT LEAST ONCE
3 EVERY FOUR YEARS.

4 2. EACH YEAR AT LEAST TEN SCHOOL DISTRICTS OR CHARTER SCHOOLS THAT ARE
5 NOT INCLUDED IN THE FIFTY SCHOOL DISTRICTS OR CHARTER SCHOOLS DESCRIBED IN
6 PARAGRAPH 1 OF THIS SUBSECTION SHALL BE MONITORED.

7 3. EACH YEAR AT LEAST TEN SCHOOL DISTRICTS OR CHARTER SCHOOLS THAT ARE
8 NOT REQUIRED TO PROVIDE INSTRUCTION FOR ENGLISH LANGUAGE LEARNERS FOR A
9 MAJORITY OF THEIR GRADE LEVELS SHALL BE MONITORED.

10 4. THE SCHOOL DISTRICTS AND CHARTER SCHOOLS DESCRIBED IN PARAGRAPHS 1,
11 2 AND 3 OF THIS SUBSECTION SHALL BE CHOSEN IN THE DEPARTMENT OF EDUCATION'S
12 SOLE DISCRETION BASED ON THE DEPARTMENT'S REVIEW OF THE REPORTS SUBMITTED BY
13 SCHOOL DISTRICTS AND CHARTER SCHOOLS PURSUANT TO SUBSECTION B OF THIS
14 SECTION.

15 5. THE DEPARTMENT OF EDUCATION SHALL MONITOR A SCHOOL DISTRICT OR
16 CHARTER SCHOOL IF THE DEPARTMENT RECEIVES A DOCUMENTED, WRITTEN COMPLAINT
17 FROM ANY CITIZEN OR A COMPLAINT FROM THE UNITED STATES DEPARTMENT OF
18 EDUCATION OR FROM THE UNITED STATES OFFICE OF CIVIL RIGHTS REGARDING THE
19 SCHOOL DISTRICT'S OR CHARTER SCHOOL'S COMPLIANCE WITH STATE OR FEDERAL LAW
20 REGARDING ENGLISH LANGUAGE LEARNERS.

21 6. THE MONITORING REQUIRED BY THIS SUBSECTION SHALL BE ON-SITE
22 MONITORING AND SHALL INCLUDE CLASSROOM OBSERVATIONS, CURRICULUM REVIEWS FOR
23 ALIGNMENT WITH BEST PRACTICES AND MODELS AND STRATEGIES ADOPTED BY THE STATE
24 BOARD PURSUANT TO SECTION 15-756, FACULTY INTERVIEWS, STUDENT RECORDS AND A
25 REVIEW OF ENGLISH LANGUAGE LEARNER PROGRAMS.

26 7. BASED ON THE RESULTS OF THE MONITORING, THE DEPARTMENT SHALL
27 DETERMINE WHETHER OR NOT THE SCHOOL DISTRICT OR CHARTER SCHOOL IS COMPLYING
28 WITH STATE AND FEDERAL LAW APPLICABLE TO ENGLISH LANGUAGE LEARNERS.

29 8. THE DEPARTMENT SHALL ISSUE A REPORT OF THE RESULTS OF THE
30 MONITORING WITHIN FORTY-FIVE DAYS AFTER COMPLETING THE MONITORING.

31 9. WITHIN SIXTY DAYS AFTER ISSUING THE REPORT, THE SCHOOL DISTRICT OR
32 CHARTER SCHOOL RECEIVING THE REPORT SHALL PREPARE AND SUBMIT, IN A MANNER
33 PRESCRIBED BY THE STATE BOARD OF EDUCATION, TO THE DEPARTMENT A CORRECTIVE
34 ACTION PLAN THAT SETS FORTH STEPS THAT WILL BE TAKEN TO CORRECT THE
35 DEFICIENCIES, IF ANY, NOTED IN THE DEPARTMENT'S REPORT.

36 10. WITHIN THIRTY DAYS AFTER RECEIVING A SCHOOL DISTRICT'S OR CHARTER
37 SCHOOL'S CORRECTIVE ACTION PLAN, THE DEPARTMENT SHALL REVIEW THE CORRECTIVE
38 ACTION PLAN AND MAY REQUIRE CHANGES TO THE CORRECTIVE ACTION PLAN.

39 11. AFTER THE DEPARTMENT HAS REVIEWED A SCHOOL DISTRICT'S OR CHARTER
40 SCHOOL'S CORRECTIVE ACTION PLAN AND MADE ANY CHANGES THE DEPARTMENT CONSIDERS
41 TO BE NECESSARY, THE DEPARTMENT SHALL RETURN THE CORRECTIVE ACTION PLAN TO
42 THE SCHOOL DISTRICT OR CHARTER SCHOOL.

43 12. WITHIN THIRTY DAYS AFTER RECEIVING A CORRECTIVE ACTION PLAN BACK
44 FROM THE DEPARTMENT, THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL BEGIN
45 IMPLEMENTING THE MEASURES IN THE PLAN.

1 13. THE DEPARTMENT SHALL CONDUCT A FOLLOW-UP EVALUATION OF THE SCHOOL
2 DISTRICT OR CHARTER SCHOOL WITHIN ONE YEAR AFTER THE DEPARTMENT RETURNS THE
3 CORRECTIVE ACTION PLAN TO THE SCHOOL DISTRICT OR CHARTER SCHOOL. IN
4 CONDUCTING THE FOLLOW-UP EVALUATION, IF THE DEPARTMENT FINDS THAT THE SCHOOL
5 DISTRICT OR CHARTER SCHOOL IS NOT IN COMPLIANCE WITH STATE AND FEDERAL LAW
6 APPLICABLE TO ENGLISH LANGUAGE LEARNERS, THE DEPARTMENT SHALL REFER THE
7 SCHOOL DISTRICT OR CHARTER SCHOOL TO THE STATE BOARD OF EDUCATION FOR A
8 FINDING OF NONCOMPLIANCE. A SCHOOL DISTRICT OR CHARTER SCHOOL FOUND BY THE
9 BOARD TO BE NONCOMPLIANT SHALL NOT CONTINUE TO RECEIVE STATE AID MONIES FOR
10 ENGLISH LANGUAGE LEARNERS AND SHALL NOT REDUCE THE AMOUNT OF MONIES SPENT ON
11 THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S ENGLISH LANGUAGE LEARNER PROGRAMS
12 DESPITE THE LOSS OF STATE AID MONIES CAUSED BY THE NONCOMPLIANCE.

13 14. THE DEPARTMENT SHALL MONITOR EACH SCHOOL DISTRICT OR CHARTER SCHOOL
14 THAT THE STATE BOARD OF EDUCATION HAS FOUND TO BE NONCOMPLIANT AND THAT IS
15 NOT RECEIVING STATE AID MONIES PURSUANT TO PARAGRAPH 13 OF THIS SUBSECTION TO
16 ENSURE THAT THE SCHOOL DISTRICT OR CHARTER SCHOOL DOES NOT REDUCE THE AMOUNT
17 OF MONIES SPENT ON THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S ENGLISH LANGUAGE
18 LEARNER PROGRAMS DESPITE THE LOSS OF STATE AID MONIES CAUSED BY THE
19 NONCOMPLIANCE.

20 15. THE DEPARTMENT SHALL NOTIFY THE STATE BOARD OF EDUCATION WHEN THE
21 SCHOOL DISTRICT OR CHARTER SCHOOL HAS ACHIEVED COMPLIANCE AND THE STATE BOARD
22 SHALL AUTHORIZE THE SCHOOL DISTRICT OR CHARTER SCHOOL TO RECEIVE STATE AID
23 MONIES FOR ENGLISH LANGUAGE LEARNERS.

24 B. EACH SCHOOL DISTRICT AND CHARTER SCHOOL SHALL ANNUALLY SUBMIT A
25 REPORT TO THE DEPARTMENT OF EDUCATION THAT INCLUDES THE FOLLOWING INFORMATION
26 IDENTIFIED BY GRADE LEVEL AND BY SCHOOL:

27 1. THE NUMBER OF PUPILS WHO ARE CLASSIFIED AS ENGLISH LANGUAGE
28 LEARNERS FOR THE FIRST TIME.

29 2. THE NUMBER OF ENGLISH LANGUAGE LEARNERS WHO ACHIEVED ENGLISH
30 PROFICIENCY IN THE PAST ACADEMIC YEAR AND WHO EXITED THE ENGLISH LANGUAGE
31 LEARNER PROGRAM.

32 3. THE TOTAL NUMBER OF PUPILS CLASSIFIED AS ENGLISH LANGUAGE LEARNERS.

33 4. THE NUMBER OF PUPILS WHO ARE ENROLLED IN EACH TYPE OF LANGUAGE
34 ACQUISITION PROGRAM OFFERED BY THE SCHOOL DISTRICT OR CHARTER SCHOOL.

35 5. IF REQUESTED BY THE DEPARTMENT OF EDUCATION, THE TEST DATA USED TO
36 DETERMINE ENGLISH PROFICIENCY.

37 6. THE NUMBER OF PUPILS RECLASSIFIED PURSUANT TO SECTION 15-756,
38 SUBSECTION A, PARAGRAPH 4.

39 7. A DESCRIPTION WITH SUPPORTING DATA OF THE SUCCESS OF PUPILS IN THE
40 FIRST TWO YEARS FOLLOWING CLASSIFICATION AS ENGLISH PROFICIENT.

41 8. THE ALLOCATION OF MONIES FROM THE ENGLISH LANGUAGE ACQUISITION
42 PROGRAM AND A DESCRIPTION OF THE USE OF THE MONIES FOR EACH OF THE PURPOSES
43 OF SECTION 15-966 IN A REPORTING FORMAT PRESCRIBED BY THE STATE AUDITOR
44 GENERAL.

1 9. IN A BUDGET FORMAT PRESCRIBED BY THE STATE AUDITOR GENERAL, A
2 DETAILED ACCOUNTING OF ALL REVENUES AND EXPENDITURES FROM ALL LOCAL, STATE
3 AND FEDERAL FUNDING SOURCES THAT ARE USED BY THE SCHOOL DISTRICT OR CHARTER
4 SCHOOL TO PROVIDE INSTRUCTION OR SERVICES TO ENGLISH LANGUAGE LEARNERS FOR
5 LANGUAGE ACQUISITION PROGRAMS.

6 C. THE DEPARTMENT OF EDUCATION SHALL SUBMIT AN ANNUAL REPORT TO THE
7 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
8 REPRESENTATIVES THAT INCLUDES THE FOLLOWING:

9 1. A DETAILED SUMMARY OF THE INFORMATION SUBMITTED BY SCHOOL DISTRICTS
10 AND CHARTER SCHOOLS PURSUANT TO SUBSECTION B OF THIS SECTION IN BOTH AN
11 AGGREGATE AND SCHOOL DISTRICT AND CHARTER SCHOOL FORMAT.

12 2. A DESCRIPTION OF THE DEPARTMENT'S MONITORING ACTIVITIES AND RESULTS
13 PURSUANT TO SUBSECTION A OF THIS SECTION.

14 3. AN ITEMIZED LIST OF ALL FEDERAL MONIES RECEIVED BY THE DEPARTMENT
15 FOR LANGUAGE ACQUISITION PROGRAMS AND THE PURPOSES FOR WHICH THESE FEDERAL
16 MONIES ARE DESIGNATED, INCLUDING MONIES USED TO MONITOR SCHOOLS AND SCHOOL
17 DISTRICTS FOR COMPLIANCE WITH LAWS RELATED TO ENGLISH LANGUAGE LEARNERS OR TO
18 FUND THE PURPOSES PRESCRIBED IN THIS SECTION.

19 D. THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ATTEMPT TO OBTAIN
20 THE MAXIMUM AMOUNT OF FEDERAL FUNDING THAT IS AVAILABLE FOR BILINGUAL
21 EDUCATION PROGRAMS AND STRUCTURED ENGLISH IMMERSION PROGRAMS AND ANY OTHER
22 FUNDING FROM FEDERAL PROGRAMS THAT APPLY TO THE EDUCATIONAL NEEDS OF ENGLISH
23 LANGUAGE LEARNERS.

24 E. THE DEPARTMENT SHALL SUBMIT A COPY OF THE ANNUAL REPORT REQUIRED BY
25 THIS SECTION TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE
26 LIBRARY, ARCHIVES AND PUBLIC RECORDS.

27 Sec. 7. Section 15-902, Arizona Revised Statutes, is amended to read:

28 15-902. Determination of student count

29 A. For a common or a unified school district in which the average
30 daily membership through the first one hundred days or two hundred days in
31 session, as applicable, of the current year has exceeded the average daily
32 attendance through the first one hundred days or two hundred days in session,
33 as applicable, of the current year by more than six per cent, the student
34 count shall be determined by an adjusted average daily membership computed by
35 multiplying the actual average daily attendance by one hundred six per cent.

36 B. For a high school district in which the average daily membership
37 through the first one hundred days in session of the current year exceeds the
38 average daily attendance through the first one hundred days in session of the
39 current year by more than eight and one-half per cent, the student count
40 shall be determined by an adjusted average daily membership computed by
41 multiplying the actual average daily attendance by one hundred eight and
42 one-half per cent. If the high school district which utilized adjusted
43 average daily membership pursuant to this subsection does not qualify for
44 equalization assistance as provided by section 15-971, the computation of
45 additional state aid for education as provided in section 15-972 for that

1 district shall not include in the primary property tax rate the amount of
2 primary property taxes necessary to fund an amount computed as follows:

3 1. Determine the revenue control limit, capital outlay revenue limit,
4 ~~and~~ soft capital allocation AND ENGLISH LANGUAGE ACQUISITION PROGRAM
5 ALLOCATION using the adjusted average daily membership.

6 2. Add the amounts determined in paragraph 1 of this subsection.

7 3. Determine the revenue control limit, capital outlay revenue limit,
8 ~~and~~ soft capital allocation AND ENGLISH LANGUAGE ACQUISITION PROGRAM
9 ALLOCATION using a student count computed by multiplying the actual average
10 daily attendance by one hundred six per cent.

11 4. Add the amounts determined in paragraph 3 of this subsection.

12 5. Subtract the sum determined under paragraph 4 of this subsection
13 from the sum determined under paragraph 2 of this subsection.

14 C. A school district required to utilize adjusted average daily
15 membership as provided in this section may apply to the department of
16 education for a further adjustment if student absences result from any of the
17 following reasons:

18 1. Widespread illness for any period of three consecutive days or
19 more.

20 2. Adverse weather conditions for any period of three consecutive days
21 or more.

22 3. Concerted refusal by students to attend classes for any period of
23 three consecutive days of more.

24 4. Threats of violence against school property, school personnel or
25 students for any period of one day or more.

26 D. All student absence figures shall be submitted by the school
27 district on a school by school basis to the department of education pursuant
28 to subsection C of this section and shall be certified by the governing board
29 of the school district. The department of education shall review the
30 materials and documents submitted and ~~may~~, if it determines that the absences
31 resulted from the reasons prescribed by this section, MAY further adjust the
32 average daily membership figures of the school district.

33 E. A school district required to use adjusted average daily membership
34 as provided in this section may apply to the department of education for a
35 further adjustment due to absences of pupils with chronic health problems as
36 defined in section 15-346 if the school district is providing services to the
37 pupils during their absence from school.

38 F. A pupil is enrolled if the pupil is currently registered in the
39 school district. In addition, the uniform system of financial records shall
40 contain procedures to ensure that enrollment is determined by all school
41 districts on a uniform basis.

42 G. Any determination of average daily attendance and average daily
43 membership shall be based on the records of the superintendent of public
44 instruction.

1 H. For school districts which maintain an approved year-round school
2 year operation program, an educational program offered on the basis of a four
3 day school week or an alternative kindergarten program offered on the basis
4 of a three day school week, student count shall be based on a computation as
5 prescribed by the superintendent of public instruction on the one hundred
6 seventy-five days' equivalency or two hundred days' equivalency, as
7 applicable, of instructional time as approved by the superintendent of public
8 instruction during which each pupil is enrolled.

9 I. School districts shall be required to record electronically
10 membership and attendance on a school by school basis for each day school is
11 in session. Records shall be certified and forwarded to the department of
12 education electronically within twelve days after the first forty days in
13 session and within twelve days after the first one hundred days in session.

14 J. Absences shall be made part of the attendance record and shall be
15 forwarded electronically by the school district on a school by school basis
16 with other records to the department of education.

17 K. If a new school district is formed by the subdivision of an
18 existing school district as provided in section 15-458, the new school
19 district shall determine its student count, the approved daily route mileage
20 and the number of eligible students transported on the basis of where pupils
21 reside within the boundaries of the new school district when computing
22 assistance as provided in this chapter. The school district shall determine
23 its student count, the approved daily route mileage and the number of
24 eligible students transported on the basis of where pupils reside within the
25 diminished boundaries of the school district when computing a school district
26 budget limit and assistance as provided in this chapter. The combined
27 student count in the new districts may not exceed the student count of the
28 school district which would have existed if the subdivision had not occurred.

29 Sec. 8. Section 15-903, Arizona Revised Statutes, is amended to read:

30 15-903. Budget format; prohibited expenditures

31 A. The superintendent of public instruction in conjunction with the
32 auditor general shall prepare and prescribe a budget format to be utilized by
33 all school districts on a school by school basis.

34 B. The budget format shall be designed to allow all school districts
35 to plan and provide in detail for the use of available funds on a school by
36 school basis, except that the budget format shall not be required to provide
37 details on a school by school basis in fiscal years 2004-2005 and 2005-2006.
38 The budget format shall contain distinct sections for, but need not be
39 limited to, maintenance and operation, debt service, special projects,
40 capital outlay, adjacent ways and classroom site fund. The maintenance and
41 operation section shall include, but need not be limited to, separate
42 subsections for regular education programs, special education programs and
43 operational expenditures for pupil transportation. Each subsection shall
44 clearly distinguish classroom instruction expenditures. The sections for
45 individual schools shall only contain aggregate summaries by major function

1 for the maintenance and operation, unrestricted capital outlay, ~~and~~ soft
2 capital allocation **AND ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION** funds.
3 A school district shall prepare budgets for each individual school in the
4 district and shall make these individual school budgets available to the
5 public on request. The special education program subsection shall include,
6 but is not limited to, programs for each disability classification as defined
7 in section 15-761 and programs for gifted, vocational and technological
8 education, remedial education and bilingual students. The total expenditures
9 for each of these programs shall be included on the budget form. The pupil
10 transportation subsection shall include all operational expenditures relating
11 to the transportation of pupils, including all operational expenditures
12 within a contract if the school district contracts for pupil transportation.

13 C. The capital outlay section of the budget shall include separate
14 subsections for unrestricted capital outlay and soft capital allocation. The
15 soft capital allocation subsection shall include budgeted expenditures as
16 prescribed in section 15-962. The unrestricted capital outlay subsection
17 shall include budgeted expenditures for acquisitions by purchase,
18 lease-purchase or lease of capital items as defined in the uniform system of
19 financial records. These sections and subsections shall include:

20 1. Land, buildings and improvements to land and buildings, including
21 labor and related employee benefits costs and material costs if work is
22 performed by school district employees.

23 2. Furniture, furnishings, athletic equipment and other equipment,
24 including computer software.

25 3. Pupil and nonpupil transportation vehicles and equipment, including
26 all capital expenditures within a contract if the school district contracts
27 for pupil transportation.

28 4. Textbooks and related printed subject matter materials adopted by
29 the governing board.

30 5. Instructional aids.

31 6. Library books.

32 7. Payment of principal and interest on bonds.

33 8. School district administration emergency needs that are directly
34 related to pupils.

35 D. The budget format shall contain distinct subsections for the
36 following:

37 1. Special programs to improve academic achievement of pupils in
38 kindergarten programs and grades one through three as provided in section
39 15-482.

40 2. School plant funds.

41 3. Capital outlay budget increases as provided in section 15-481.

42 4. Property taxation including the following:

43 (a) The primary tax rates for the school district for the current year
44 and the budget year.

1 (b) The secondary tax rates for maintenance and operation, K-3 and
2 capital overrides for the school district for the current year and the budget
3 year.

4 (c) The secondary tax rates for class A bonds for the school district
5 for the current year and the budget year.

6 (d) The secondary tax rates for class B bonds for the school district
7 for the current year and the budget year.

8 5. A description of any corrections or adjustments made to the budget
9 pursuant to section 15-915.

10 E. The budget format shall also contain:

11 1. A statement identifying proposed pupil-teacher ratios and
12 pupil-staff ratios relating to the provision of special education services
13 for the budget year.

14 2. A statement identifying the number of full-time equivalent
15 certified employees.

16 3. If a governing board uses section 15-942 relating to the adjustment
17 for rapid decline in student count, a statement identifying the actual per
18 cent decline in student count and a statement identifying the additional
19 allowable expenditures attributable to using the rapid decline provisions as
20 provided in section 15-942.

21 F. The special projects section shall include budgeted expenditures
22 for state special projects, including special adult projects, career
23 education, deficiencies correction fund projects, building renewal fund
24 projects and new school facilities fund projects, such federal special
25 projects as ESEA title programs, vocational education and title IV Indian
26 education, and other special projects.

27 G. A school district shall not make expenditures for campaign
28 literature associated with school district or charter school officials. If
29 the superintendent of public instruction determines that a school district
30 has violated this subsection, the superintendent of public instruction may
31 withhold any portion of the school district's apportionment of state aid.

32 H. The budget format shall include an electronic format that shall be
33 submitted for each proposed, adopted and revised budget.

34 Sec. 9. Section 15-904, Arizona Revised Statutes, is amended to read:

35 15-904. School district annual financial report; publication;
36 summary; exemption

37 A. The governing board of each school district shall publish an annual
38 financial report on a school by school basis for the prior fiscal year by
39 November 15, except that the annual financial report shall not be required to
40 include information on a school by school basis in fiscal years 2004-2005 and
41 2005-2006. The auditor general in conjunction with the department of
42 education shall prescribe the format of the financial report to be used by
43 school districts. The financial report shall contain budgeted and actual
44 expenditures for the preceding fiscal year and shall be prepared and
45 distributed by October 15 by the school district with a copy to the county

1 school superintendent. A copy of the annual financial report shall be
2 submitted electronically by the school district to the superintendent of
3 public instruction by October 15. The annual financial report shall be
4 approved by the county school superintendent in an electronic procedure as
5 prescribed by the department of education. School districts that are subject
6 to section 15-914.01 are not required to send a copy to the county school
7 superintendent.

8 B. In addition to the information required in subsection A of this
9 section, the annual financial report shall contain detailed information on
10 the school district budgeted and actual expenditures from the bond building
11 fund, the soft capital allocation fund, [THE ENGLISH LANGUAGE ACQUISITION](#)
12 [PROGRAM FUND](#), the deficiencies correction fund, the building renewal fund and
13 the new school facilities fund, including but not limited to information on
14 classified salaries, employee benefits, interest and fiscal charges, capital
15 lease agreements, land and improvements, buildings and improvements,
16 furniture and equipment, technology and vehicles and transportation equipment
17 for pupils. The information shall specify whether the expenditures are for
18 school district renovation or for new construction, the cost per square foot,
19 and land acquisition costs, as appropriate. The reporting by individual
20 schools shall be limited to annual expenditures aggregated by major function
21 for the maintenance and operation, unrestricted capital outlay and soft
22 capital allocation funds.

23 C. Except as provided in subsection D of this section, the governing
24 board shall publish, by November 15, the annual financial report for the
25 school district on a school by school basis in a newspaper of general
26 circulation within the school district or in the official newspaper of the
27 county as defined in section 11-255 or the governing board may mail the
28 annual financial report to each household in the school district, except that
29 the annual financial report shall not be required to include information on a
30 school by school basis in fiscal years 2004-2005 and 2005-2006. If the
31 governing board chooses to publish the report in a newspaper, the size of the
32 newspaper print shall be at least eight-point type. The cost of publication
33 or mailing shall be a charge against the school district. The publisher's
34 affidavit of publication shall be filed by the governing board of the school
35 district with the superintendent of public instruction within thirty days
36 after publication.

37 D. The governing board may publish or mail a summary of the annual
38 financial report in the same manner as provided in subsection C of this
39 section. The auditor general in conjunction with the department of education
40 shall prescribe the form of the summary of the annual financial report for
41 use by the governing boards.

42 E. The superintendent of public instruction shall compile the
43 financial reports of the school districts on a school by school basis and
44 shall report to the governor and the legislature on or before January 15 of
45 each year as provided in section 15-255, except that the financial reports

1 shall not be required to include information on a school by school basis in
2 fiscal years 2004-2005 and 2005-2006.

3 Sec. 10. Section 15-905, Arizona Revised Statutes, is amended to read:

4 15-905. School district budgets: notice: adoption: aggregate
5 budget limit: summary: adjustments: definition

6 A. Not later than July 5 of each year or no later than the publication
7 of notice of the public hearing and board meeting as required by this
8 section, the governing board of each school district shall prepare and
9 furnish to the superintendent of public instruction and the county school
10 superintendent, unless waived by the county school superintendent, a proposed
11 budget in electronic format for the budget year, which shall contain the
12 information and be in the form as provided by the department of education.
13 The proposed budget shall include the following:

14 1. The total amount of revenues from all sources that was necessary to
15 meet the school district's budget for the current year.

16 2. The total amount of revenues by source that will be necessary to
17 meet the proposed budget of the school district, excluding property
18 taxes. The governing board shall prepare the proposed budget and a summary
19 of the proposed budget. Both documents shall be kept on file at the school
20 district office and shall be made available to the public upon request. The
21 auditor general in conjunction with the department of education shall
22 prescribe the form of the summary of the proposed budget for use by governing
23 boards. School district governing boards may include in the proposed budget
24 any items or amounts which are authorized by legislation filed with the
25 secretary of state and which will become effective during the budget
26 year. If subsequent events prevent the legislation from becoming effective,
27 school district governing boards must reduce their budgets by the amounts
28 budgeted pursuant to the legislation which did not become effective.

29 B. The governing board of each school district shall prepare a notice
30 fixing a time not later than July 15 and designating a public place within
31 each school district at which a public hearing and board meeting shall be
32 held. The governing board shall present the proposed budget for
33 consideration of the residents and the taxpayers of the school district at
34 such hearing and meeting.

35 C. The governing board of each school district shall publish or mail,
36 prior to the hearing and meeting, a copy of the proposed budget or the
37 summary of the proposed budget and, in addition, a notice of the public
38 hearing and board meeting no later than ten days prior to the meeting. The
39 proposed budget and the summary of the proposed budget shall contain the
40 percentage of increase or decrease in each budget category of the proposed
41 budget as compared to each category of the budget for the current year.
42 Notification shall be either by publication in a newspaper of general
43 circulation within the school district in which the size of the newspaper
44 print shall be at least eight-point type, by electronic transmission of the
45 information to the department of education for posting on the department's

1 web site or by mailing the information to each household in the school
2 district. The cost of publication, web site posting or mailing shall be a
3 charge against the school district. The publisher's affidavit of publication
4 shall be filed by the governing board with the superintendent of public
5 instruction within thirty days after publication. If the budget or proposed
6 budget and notice are posted on a web site maintained by the department of
7 education or mailed, the board shall file an affidavit with the
8 superintendent of public instruction within thirty days after the mailing or
9 the date that the information is posted on the web site. If a truth in
10 taxation notice and hearing is required under section 15-905.01, the
11 governing board may combine the notice and hearing under this section with
12 the truth in taxation notice and hearing.

13 D. At the time and place fixed in the notice, the governing board
14 shall hold the public hearing and present the proposed budget to the persons
15 attending the hearing. Upon request of any person, the governing board shall
16 explain the budget, and any resident or taxpayer of the school district may
17 protest the inclusion of any item. A governing board member who has a
18 substantial interest, as defined in section 38-502, in a specific item in the
19 school district budget shall refrain from voting on the specific item. A
20 governing board member may without creating a conflict of interest
21 participate in adoption of a final budget even though the member may have
22 substantial interest in specific items included in the budget.

23 E. Immediately following the public hearing the president shall call
24 to order the governing board meeting for the purpose of adopting the
25 budget. The governing board shall adopt the budget which shall not exceed
26 the general budget limit, the unrestricted capital budget limit, ~~or~~ the soft
27 capital allocation limit **OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM**
28 **ALLOCATION**, making such deductions as it sees fit but making no additions to
29 the proposed budget total for maintenance and operations or capital outlay,
30 and shall enter the budget as adopted in its minutes. Not later than July
31 18, the budget as finally adopted shall be filed by the governing board with
32 the county school superintendent who shall immediately transmit a copy to the
33 board of supervisors. Not later than July 18, the budget as finally adopted
34 shall be submitted electronically to the superintendent of public
35 instruction. On or before October 30, the superintendent of public
36 instruction shall review the budget and notify the governing board if the
37 budget is in excess of the general budget limit, the unrestricted capital
38 budget limit, ~~or~~ the soft capital allocation limit **OR THE ENGLISH LANGUAGE**
39 **ACQUISITION PROGRAM ALLOCATION**. If the governing board receives notification
40 that the budget is in excess of the general budget limit, the unrestricted
41 capital budget limit, ~~or~~ the soft capital allocation limit **OR THE ENGLISH**
42 **LANGUAGE ACQUISITION PROGRAM ALLOCATION** by fewer than one thousand dollars,
43 the governing board shall adjust the budget and expenditures so as not to
44 exceed the general budget limit, the unrestricted capital budget limit or the
45 soft capital allocation limit for the current year. If the governing board

1 receives notification that the budget is in excess of the general budget
 2 limit, the unrestricted capital budget limit or the soft capital allocation
 3 limit by one thousand dollars or more, it shall on or before December 15,
 4 after it gives notice and holds a public meeting in a similar manner as
 5 provided in subsections C and D of this section, adopt a revised budget for
 6 the current year which shall not exceed the general budget limit, the
 7 unrestricted capital budget limit, ~~or~~ the soft capital allocation limit **OR**
 8 **THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION**. On or before December
 9 18, the governing board shall file the revised budget which it adopts with
 10 the county school superintendent who shall immediately transmit a copy to the
 11 board of supervisors. Not later than December 18, the budget as revised
 12 shall be submitted electronically to the superintendent of public
 13 instruction. School districts that are subject to section 15-914.01 are not
 14 required to send a copy of revised budgets to the county school
 15 superintendent. Procedures for adjusting expenditures or revising the budget
 16 shall be as prescribed in the uniform system of financial records.

17 F. The governing board of each school district may budget for
 18 expenditures within the school district budget as follows:

19 1. Amounts within the general budget limit, as provided in section
 20 15-947, subsection C, may only be budgeted in the following sections of the
 21 budget:

22 (a) The maintenance and operation section.

23 (b) The capital outlay section.

24 2. Amounts within the unrestricted capital budget limit, as provided
 25 in section 15-947, subsection D, may only be budgeted in the unrestricted
 26 capital outlay subsection of the budget. Monies received pursuant to the
 27 unrestricted capital budget limit shall be placed in the unrestricted capital
 28 outlay fund. The monies in the fund are not subject to reversion.

29 3. The soft capital allocation limit, as provided in section 15-947,
 30 subsection E, may only be budgeted in the soft capital allocation subsection
 31 of the budget.

32 G. The governing board may authorize the expenditure of monies
 33 budgeted within the maintenance and operation section of the budget for any
 34 subsection within the section in excess of amounts specified in the adopted
 35 budget only by action taken at a public meeting of the governing board and if
 36 the expenditures for all subsections of the section do not exceed the amount
 37 budgeted as provided in this section. ~~Until June 30, 1999, the governing~~
 38 ~~board may authorize the expenditure of monies to exceed the budgeted~~
 39 ~~expenditures of the capital outlay section of the budget only by action taken~~
 40 ~~at a public meeting of the governing board and if monies are available in the~~
 41 ~~reserve.~~

42 H. The aggregate budget limit is the sum of the following:

43 1. The general budget limit as determined in section 15-947 for the
 44 budget year.

1 2. The unrestricted capital budget limit as determined in section
2 15-947 for the budget year.

3 3. The soft capital allocation limit for the budget year as determined
4 in section 15-947.

5 4. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION AS DETERMINED
6 IN SECTION 15-966.

7 ~~4.~~ 5. Federal assistance, excluding P.L. 81-874 monies.

8 I. School districts which overestimated tuition revenues as provided
9 in section 15-947, subsection C, paragraph 2 shall adjust the general budget
10 limit and expenditures based upon tuition revenues for attendance of
11 nonresident pupils during the current fiscal year. School districts which
12 underestimated tuition revenues may adjust their budgets prior to May 15
13 based upon tuition revenues for attendance of nonresident pupils during the
14 current fiscal year. School districts which overestimated revenues as
15 provided in section 15-947, subsection C, paragraph 2, subdivision (a), items
16 (iii), (iv) and (v) and subdivision (d) shall adjust the general budget limit
17 and expenditures based on actual revenues during the current fiscal year.
18 School districts which underestimated such revenues may adjust their budgets
19 before May 15 based on actual revenues during the current fiscal year.
20 Procedures for completing adjustments shall be as prescribed in the uniform
21 system of financial records. Not later than May 18, the budget as adjusted
22 shall be submitted electronically to the superintendent of public
23 instruction.

24 J. A common school district not within a high school district whose
25 estimated tuition charge for high school pupils exceeds the actual tuition
26 charge for high school pupils shall adjust the general budget limit and
27 expenditures based on the actual tuition charge. Not later than May 18, the
28 budget as adjusted shall be submitted electronically to the superintendent of
29 public instruction. A common school district not within a high school
30 district whose estimated tuition charge for high school pupils is less than
31 the actual tuition charge for high school pupils may adjust its budget before
32 May 15 based on the actual tuition charge. Procedures for completing
33 adjustments shall be as prescribed in the uniform system of financial
34 records. If the adjusted general budget limit requires an adjustment of
35 state aid and if the adjustment to state aid is not made in the current year,
36 the superintendent of public instruction shall adjust by August 15 of the
37 succeeding fiscal year the apportionment of state aid to the school district
38 to correct any overpayment or underpayment of state aid received during the
39 current year.

40 K. The governing board may include P.L. 81-874 assistance allocated
41 for children with disabilities, children with specific learning disabilities
42 and children residing on Indian lands which is in addition to basic
43 assistance when determining the general budget limit as prescribed in section
44 15-947, subsection C. The governing board may adjust before May 15 the
45 budget for the current year based on any adjustments which result in

1 increases over the amount estimated by the superintendent of public
2 instruction for P.L. 81-874 assistance for such pupils for the fiscal year
3 preceding the current year. The governing board shall adjust before May 15
4 the budget for the current year based on any adjustments which result in
5 decreases in the amount estimated by the superintendent of public instruction
6 for P.L. 81-874 assistance for such pupils for the fiscal year preceding the
7 current year. Not later than May 18, the budget as adjusted shall be
8 submitted electronically to the superintendent of public instruction.
9 Procedures for complying with ~~the provisions of~~ this subsection shall be as
10 prescribed in the uniform system of financial records.

11 L. The state board of education shall hold a hearing if expenditures
12 by any school district exceed the general budget limit prescribed in section
13 15-947, subsection C, the unrestricted capital budget limit, the soft capital
14 allocation limit prescribed in section 15-947, subsection E, **THE ENGLISH**
15 **LANGUAGE ACQUISITION PROGRAM ALLOCATION PRESCRIBED IN SECTION 15-966**, the
16 school plant fund limits prescribed in section 15-1102, subsection B, the
17 maintenance and operation section of the budget or the capital outlay section
18 of the budget. If the expenditures of any school district exceed these
19 limits or sections of the budget without authorization as provided in section
20 15-907, the state board of education shall reduce the state aid for
21 equalization assistance for education for the school district computed as
22 provided in section 15-971 during the fiscal year subsequent to the fiscal
23 year in which the excess expenditures were made by an amount equal to the
24 excess expenditures, except that in case of hardship to the school district,
25 the superintendent of public instruction may approve reductions partly in the
26 first subsequent year and partly in the second subsequent year.

27 M. The governing board of a school district shall reduce the general
28 budget limit, the unrestricted capital budget limit, ~~or~~ the soft capital
29 allocation limit **OR THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION**, for
30 the year subsequent to the year in which the expenditures were in excess of
31 the applicable limit or section of the budget by the amount determined in
32 subsection L of this section, except that in case of hardship to the school
33 district, the superintendent of public instruction may approve reductions
34 partly in the first subsequent year and partly in the second subsequent year.
35 The reduction in the limit is applicable to each school district which has
36 exceeded the general budget limit, the unrestricted capital budget limit, the
37 soft capital allocation limit, **THE ENGLISH LANGUAGE ACQUISITION PROGRAM**
38 **ALLOCATION** or a section of the budget even if the reduction exceeds the state
39 aid for equalization assistance for education for the school district.

40 N. Except as provided in section 15-916, no expenditure shall be made
41 by any school district for a purpose not included in the budget or in excess
42 of the aggregate budget limit prescribed in this section, except that if no
43 budget has been adopted, from July 1 to July 15 the governing board may make
44 expenditures if the total of the expenditures does not exceed ten per cent of
45 the prior year's aggregate budget limit. Any expenditures made from July 1

1 to July 15 and prior to the adoption of the budget shall be included in the
2 total expenditures for the current year. No expenditure shall be made and no
3 debt, obligation or liability shall be incurred or created in any year for
4 any purpose itemized in the budget in excess of the amount specified for the
5 item irrespective of whether the school district at any time has received or
6 has on hand funds in excess of those required to meet the expenditures,
7 debts, obligations and liabilities provided for under the budget except
8 expenditures from cash controlled funds as defined by the uniform system of
9 financial records and except as provided in section 15-907 and subsection G
10 of this section. This subsection does not prohibit any school district from
11 prepaying insurance premiums or magazine subscriptions, or from prepaying any
12 item which is normally prepaid in order to procure the service or to receive
13 a discounted price for the service, as prescribed by the uniform system of
14 financial records.

15 0. The governing board of a school district which is classified as a
16 heavily impacted school district having twenty per cent or more pupils
17 pursuant to 20 United States Code section 238(d)1(A) may determine its
18 eligibility to increase the amount that may be included in determining the
19 general budget limit as provided in subsection K of this section and may
20 increase the amount as follows:

21 1. For fiscal year 1988-1989:

22 (a) Multiply one thousand ninety-four dollars by the number of
23 children with disabilities or children with specific learning disabilities,
24 excluding children who also reside on Indian lands, reported to the division
25 of impact aid, United States department of education in the district's
26 application for fiscal year 1987-1988.

27 (b) Multiply five hundred forty-seven dollars by the number of
28 children residing on Indian lands, excluding children who have disabilities
29 or also have specific learning disabilities, reported to the division of
30 impact aid, United States department of education in the district's
31 application for fiscal year 1987-1988.

32 (c) Multiply one thousand nine hundred fourteen dollars by the number
33 of children residing on Indian lands who have disabilities or also have
34 specific learning disabilities reported to the division of impact aid, United
35 States department of education in the district's application for fiscal year
36 1987-1988.

37 (d) Add the amounts determined in subdivisions (a) through (c).

38 (e) If the amount of P.L. 81-874 assistance as provided in subsection
39 K of this section is less than the sum determined in subdivision (d) ~~of this~~
40 ~~paragraph~~, the district is eligible to use the provisions of this subsection.

41 2. For budget years after 1988-1989, use ~~the provisions of~~ paragraph 1
42 of this subsection, but increase each dollar amount by the growth rate for
43 that year as prescribed by law, subject to appropriation and use the number
44 of children reported in the appropriate category for the current fiscal year.

1 3. If the district is eligible to use ~~the provisions of~~ this
2 subsection, subtract the amount of P.L. 81-874 assistance determined in
3 subsection K of this section from the sum determined in paragraph 1,
4 subdivision (d) of this subsection. The difference is the increase in the
5 amount that may be included in determining the general budget limit as
6 provided in subsection K of this section, if including this amount does not
7 increase the district's primary tax rate for the budget year. If the amount
8 of P.L. 81-874 assistance determined in subsection K of this section is
9 adjusted for the current year, the increase determined in this paragraph
10 shall be recomputed using the adjusted amount and the recomputed increase
11 shall be reported to the department of education by May 15 on a form
12 prescribed by the department of education.

13 4. If a district uses ~~the provisions of~~ this subsection, the district
14 is not required to adjust its budget for the current year based on
15 adjustments in the estimated amount of P.L. 81-874 assistance as provided in
16 subsection K of this section.

17 P. A school district, except for an accommodation school, which
18 applies for P.L. 81-874 assistance during the current year may budget an
19 amount for P.L. 81-874 administrative costs for the budget year. The amount
20 budgeted for P.L. 81-874 administrative costs is exempt from the revenue
21 control limit and may not exceed an amount determined for the budgeted year
22 as follows:

23 1. Determine the minimum cost. The minimum cost for fiscal year
24 1990-1991 is two thousand three hundred forty-three dollars. For fiscal year
25 1991-1992 and thereafter, the minimum cost is the minimum cost for the prior
26 year increased by the growth rate as prescribed by law, subject to
27 appropriation.

28 2. Determine the hourly rate. The hourly rate for fiscal year
29 1990-1991 is nine dollars thirty-eight cents. For fiscal year 1991-1992 and
30 thereafter, the hourly rate is the hourly rate for the prior year increased
31 by the growth rate as prescribed by law, subject to appropriation.

32 3. Determine the P.L. 81-874 revenues available by subtracting the
33 amount of P.L. 81-874 assistance used to increase the general budget limit as
34 provided in subsections K and O of this section for the current fiscal year
35 from the total amount of P.L. 81-874 revenues received in the current fiscal
36 year.

37 4. Determine the total number of administrative hours as follows:

38 (a) Determine the sum of the following:

39 (i) 1.00 hours for each high impact pupil who is not disabled or does
40 not have specific learning disabilities.

41 (ii) 1.25 hours for each high impact pupil who is disabled or has
42 specific learning disabilities.

43 (iii) 0.25 hours for each low impact pupil who is not disabled or does
44 not have specific learning disabilities.

1 (iv) 0.31 hours for each low impact pupil who is disabled or has
2 specific learning disabilities.

3 (b) For the purposes of this paragraph:

4 (i) "High impact pupil" means a pupil who resides on Indian lands or a
5 pupil who resides on federal property or in low rent housing and whose parent
6 is employed on federal property or low rent housing property or is on active
7 duty in uniformed service, as provided in P.L. 81-874, section 3(a) and as
8 reported in the application for P.L. 81-874 assistance in the current year.

9 (ii) "Low impact pupil" means a pupil who resides on nonfederal
10 property and has a parent who is employed on federal property or low rent
11 housing property or is on active duty in a uniformed service or a pupil who
12 resides on federal property or in low rent housing and who does not have a
13 parent who is employed on federal property or low rent housing property or is
14 on active duty in uniformed service, as provided in P.L. 81-874, section 3(b)
15 and as reported in the application for P.L. 81-874 assistance in the current
16 year.

17 5. Multiply the total number of administrative hours determined in
18 paragraph 4 of this subsection by the hourly rate determined in paragraph 2
19 of this subsection.

20 6. Determine the greater of the minimum cost determined in paragraph 1
21 of this subsection or the product determined in paragraph 5 of this
22 subsection.

23 7. Add to the amount determined in paragraph 6 of this subsection the
24 amount, if any, to be expended by the school district in the budget year
25 through an intergovernmental agreement with other school districts or the
26 department of education to provide P.L. 81-874 technical assistance to
27 participating districts.

28 8. Determine the lesser of the amount determined in paragraph 7 of
29 this subsection or the revenues available as determined in paragraph 3 of
30 this subsection.

31 9. The amount determined in paragraph 8 of this subsection is the
32 maximum amount which may be budgeted for P.L. 81-874 administrative costs for
33 the budget year as provided in this subsection.

34 10. If the governing board underestimated the amount that may be
35 budgeted for P.L. 81-874 administrative costs for the current year, the board
36 may adjust the general budget limit and the budget before May 15. If the
37 governing board overestimated the amount that may be budgeted for P.L. 81-874
38 administrative costs for the current year, the board shall adjust the general
39 budget limit and the budget before May 15.

40 Q. If a school district governing board has adopted a budget for a
41 fiscal year based on forms and instructions provided by the auditor general
42 and the department of education for that fiscal year and if, as a result of
43 the enactment or nonenactment of proposed legislation after May 1 of the
44 previous fiscal year, the budget is based on incorrect limits, does not
45 include items authorized by law or does not otherwise conform with law, the

governing board may revise its budget at a public hearing on or before September 15 to conform with the law. Not later than September 18, the budget as adjusted shall be submitted electronically to the superintendent of public instruction. If the governing board does not revise the budget on or before September 15 and if the budget includes any items not authorized by law or if the budget exceeds any limits, the governing board shall adjust or revise the budget as provided in subsection E of this section.

R. For the purposes of this section, "P.L. 81-874 assistance" means, for the current year, an amount equal to the final determination of P.L. 81-874 assistance for the fiscal year preceding the current year as confirmed by the division of impact aid, United States department of education or, if a final determination has not been made, the amount estimated by the superintendent of public instruction as confirmed by the division of impact aid, United States department of education and, for the budget year, an amount equal to the determination of P.L. 81-874 assistance for the fiscal year preceding the budget year as estimated by the superintendent of public instruction.

Sec. 11. Section 15-906, Arizona Revised Statutes, is amended to read:

15-906. Procedure for payment of levy fund liabilities payable on June 30; lapsing of levy funds with balance for reduction of taxes

A. Annually on or before June 30, each school district shall prepare for all levy funds a list of liabilities for goods received or services rendered on or before June 30 which will not be paid by June 30 of the current fiscal year.

B. Each school district having levy fund liabilities payable on June 30 shall file an advice of encumbrance with the county school superintendent on or before July 18, in the manner and upon a form to be prescribed in the uniform system of financial records. The county school superintendent shall encumber amounts that are included in year to date expenditures not to exceed the budget and that are available to pay the liabilities pursuant to section 15-304. Any cash balances remaining in the maintenance and operation, the unrestricted capital outlay, the soft capital allocation, THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION and the adjacent ways funds after encumbrances on June 30 of the current year ~~except reverted monies as provided in section 15-991.02~~ that will be budgeted in the unrestricted capital outlay fund in the following fiscal year pursuant to section 15-947, subsection D, ~~paragraphs 4 and 5~~ PARAGRAPH 3 and that will be budgeted in the soft capital allocation fund in the following fiscal year pursuant to section 15-947, subsection E, paragraphs 2 and 3 shall be used for reduction of school district taxes for the budget year.

C. The county school superintendent may draw warrants against the obligated in contract amounts pursuant to subsection B of this section for a period of sixty days immediately following the close of the fiscal year.

D. After expiration of the period of sixty days immediately following the close of each fiscal year, the remaining obligated in contract balance shall lapse and no further payments from the maintenance and operation, unrestricted capital outlay, soft capital allocation, **ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION** and adjacent ways funds shall be made on any claim for expenditures of the prior fiscal year.

E. School districts that are subject to section 15-914.01 shall adhere to the duties described in section 15-304 for the purposes of this section.

Sec. 12. Section 15-943, Arizona Revised Statutes, is amended to read:

15-943. Base support level

The base support level for each school district shall be computed as follows:

1. The following support level weights shall be used in paragraph 2, subdivision (a) for the following school districts:

(a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision, the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated	Support Level Weight For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.559	1.399
100-499	$1.358 + [0.0005 \times (500 - \text{student count})]$	$1.278 + [0.0003 \times (500 - \text{student count})]$
500-599	$1.158 + [0.002 \times (600 - \text{student count})]$	$1.158 + [0.0012 \times (600 - \text{student count})]$

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated	Support Level Weight For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	$1.468 + [0.0005 \times (500 - \text{student count})]$	$1.398 + [0.0004 \times (500 - \text{student count})]$
500-599	$1.268 + [0.002 \times (600 - \text{student count})]$	$1.268 + [0.0013 \times (600 - \text{student count})]$

2. Subject to paragraph 1, determine the weighted student count as follows:

(a)

<u>Grade</u>	<u>Base</u>		<u>Group A</u>		<u>Support Level Weight</u>		<u>Student Count</u>		<u>Weighted Student Count</u>
PSD	1.000	+	0.450	=	1.450	x	_____	=	_____
K-8	1.000	+	0.158	=	1.158	x	_____	=	_____
9-12	1.163	+	0.105	=	1.268	x	_____	=	_____
							Subtotal	A	_____

(b)

<u>Funding Category</u>	<u>Support Level Weight</u>		<u>Student Count</u>		<u>Weighted Student Count</u>
HI	4.771	x	_____	=	_____
K-3	0.060	x	_____	=	_____
ELL	0.115 0.140	x	_____	=	_____
MD-R, A-R and SMR-R	6.024	x	_____	=	_____
MD-SC, A-SC and SMR-SC	5.833	x	_____	=	_____
MD-SSI	6.531	x	_____	=	_____
OI-R	3.158	x	_____	=	_____
OI-SC	5.576	x	_____	=	_____
P-SD	3.595	x	_____	=	_____
ED, MIMR, SLD, SLI and OHI	0.003	x	_____	=	_____
ED-P	4.647	x	_____	=	_____
MOMR	4.421	x	_____	=	_____
VI	4.806	x	_____	=	_____
				Subtotal	B

(c) Total of subtotals A and B: _____

3. Multiply the total determined in paragraph 2 by the base level.

4. Multiply the teacher experience index of the district or 1.00, whichever is greater, by the product obtained in paragraph 3.

Sec. 13. Section 15-943, Arizona Revised Statutes, as amended by section 12 of this act, is amended to read:

15-943. Base support level

The base support level for each school district shall be computed as follows:

1. The following support level weights shall be used in paragraph 2, subdivision (a) for the following school districts:

(a) For school districts whose student count in kindergarten programs and grades one through eight is classified in column 1 of this subdivision,

the support level weight for kindergarten programs and grades one through eight is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated	Support Level Weight For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.559	1.399
100-499	1.358 + [0.0005 x (500 - student count)]	1.278 + [0.0003 x (500 - student count)]
500-599	1.158 + [0.002 x (600 - student count)]	1.158 + [0.0012 x (600 - student count)]

(b) For school districts whose student count in grades nine through twelve is classified in column 1 of this subdivision, the support level weight for grades nine through twelve is the corresponding support level weight prescribed in column 2 or 3 of this subdivision, whichever is appropriate:

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>
	Support Level Weight For Small Isolated	Support Level Weight For Small
<u>Student Count</u>	<u>School Districts</u>	<u>School Districts</u>
1-99	1.669	1.559
100-499	1.468 + [0.0005 x (500 - student count)]	1.398 + [0.0004 x (500 - student count)]
500-599	1.268 + [0.002 x (600 - student count)]	1.268 + [0.0013 x (600 - student count)]

2. Subject to paragraph 1, determine the weighted student count as follows:

(a)					Support Level Weight	Student Count		Weighted Student Count
<u>Grade</u>	<u>Base</u>		<u>Group A</u>		<u>Weight</u>	<u>Count</u>		<u>Count</u>
PSD	1.000	+	0.450	=	1.450	x		
K-8	1.000	+	0.158	=	1.158	x		
9-12	1.163	+	0.105	=	1.268	x		
						Subtotal	A	

(b)					Support Level Weight	Student Count		Weighted Student Count
<u>Funding Category</u>					<u>Weight</u>	<u>Count</u>		<u>Count</u>
HI					4.771	x	=	
K-3					0.060	x	=	
ELL					0.140	*	=	
MD-R, A-R and								
SMR-R					6.024	x	=	

1	MD-SC, A-SC and					
2	SMR-SC	5.833	x	_____	=	_____
3	MD-SSI	6.531	x	_____	=	_____
4	OI-R	3.158	x	_____	=	_____
5	OI-SC	5.576	x	_____	=	_____
6	P-SD	3.595	x	_____	=	_____
7	ED, MIMR, SLD,					
8	SLI and OHI	0.003	x	_____	=	_____
9	ED-P	4.647	x	_____	=	_____
10	MOMR	4.421	x	_____	=	_____
11	VI	4.806	x	_____	=	_____
12		Subtotal			B	_____

13 (c) Total of subtotals A and B: _____

14 3. Multiply the total determined in paragraph 2 by the base level.

15 4. Multiply the teacher experience index of the district or 1.00,
16 whichever is greater, by the product obtained in paragraph 3.

17 Sec. 14. Section 15-962.01, Arizona Revised Statutes, is amended to
18 read:

19 15-962.01. Capital outlay revenue limit, soft capital
20 allocation and English language acquisition
21 program allocation for joint technological
22 education districts; district soft capital
23 allocation fund

24 A. The capital outlay revenue limit for a joint technological
25 education district shall be the amount for students in grades nine through
26 twelve for districts with a student count of six hundred or more as
27 prescribed in section 15-961.

28 B. The soft capital allocation for a joint technological education
29 district shall be the amount for students in grades nine through twelve for
30 districts with a student count of six hundred or more as prescribed in
31 section 15-962.

32 C. Joint technological education districts shall establish a district
33 soft capital allocation fund and shall use the monies only for the purposes
34 prescribed in section 15-962, subsection D. The ending unexpended budget
35 balance in the district's soft capital allocation fund may be used in
36 following fiscal years for short-term capital items. Districts shall provide
37 to the superintendent of public instruction an itemized accounting on forms
38 provided by the department of education that details the expenditures of soft
39 capital allocation monies at each school in the joint technological education
40 district. The superintendent of public instruction shall forward a copy of
41 the report to the school facilities board established by section 15-2001.

42 D. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION FOR A JOINT
43 TECHNOLOGICAL EDUCATION DISTRICT SHALL BE THE AMOUNT FOR STUDENTS IN GRADES
44 NINE THROUGH TWELVE FOR DISTRICTS WITH A STUDENT COUNT OF SIX HUNDRED OR MORE
45 AS PRESCRIBED IN SECTION 15-966.

1 E. JOINT TECHNOLOGICAL EDUCATION DISTRICTS SHALL ESTABLISH A DISTRICT
2 ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION FUND AND SHALL USE THE MONIES
3 ONLY FOR THE PURPOSES PRESCRIBED IN SECTION 15-966.

4 Sec. 15. Title 15, chapter 9, article 4, Arizona Revised Statutes, is
5 amended by adding section 15-966, to read:

6 15-966. English language education funding for children in
7 public schools; definitions

8 A. BEGINNING IN FISCAL YEAR 2006-2007, AN ENGLISH LANGUAGE ACQUISITION
9 PROGRAM IS ESTABLISHED FOR THE PURPOSE OF PROVIDING ENGLISH INSTRUCTION AS
10 REQUIRED BY CHAPTER 7, ARTICLE 3.1 OF THIS TITLE.

11 B. ENGLISH LANGUAGE ACQUISITION PROGRAM FUNDING SHALL BE USED TO
12 PROVIDE INSTRUCTION AND SERVICES, INCLUDING STAFFING, FOR ENGLISH LANGUAGE
13 LEARNER PUPILS AND SHALL BE PRIORITIZED FOR THE FOLLOWING PURPOSES:

14 1. DELIVERY OF BEST PRACTICES, RESEARCH BASED INSTRUCTION, TEACHING
15 STANDARDS, STRATEGIES AND MODELS ADOPTED BY THE STATE BOARD OF EDUCATION FOR
16 PROFICIENCY IN BOTH THE ENGLISH LANGUAGE AND THE ACADEMIC STANDARDS ADOPTED
17 BY THE STATE BOARD OF EDUCATION.

18 2. PROFESSIONAL DEVELOPMENT BY PROVIDERS APPROVED PURSUANT TO SECTION
19 15-756, SUBSECTION A, PARAGRAPH 9 TO ASSIST IN THE DELIVERY OF BEST PRACTICES
20 AND RESEARCH BASED TEACHING STANDARDS AND STRATEGIES.

21 3. PROFESSIONAL DEVELOPMENT AND TRAINING NEEDED TO RECEIVE APPROPRIATE
22 CERTIFICATION OR CERTIFICATION ENDORSEMENTS.

23 4. STRATEGIES TO REDUCE CLASS SIZE OR DECREASE PUPIL TO TEACHER
24 RATIOS.

25 5. PLANS FOR EXTENDED LEARNING OPPORTUNITIES FOR PUPILS.

26 6. TRANSPORTATION PLANS TO ASSIST PUPILS TO ATTEND EXTENDED LEARNING
27 AND COMPENSATORY INSTRUCTION.

28 7. COMPENSATION STRATEGIES FOR TEACHERS OF ENGLISH LANGUAGE LEARNER
29 PUPILS.

30 8. PARENT AND COMMUNITY OUTREACH PROGRAMS.

31 9. BEST PRACTICES AND STRATEGIES FOR COMPENSATORY INSTRUCTION.

32 10. INSTRUCTIONAL MATERIALS AND SUPPLIES NECESSARY FOR ENGLISH LANGUAGE
33 LEARNER PUPILS.

34 C. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION FOR A SCHOOL
35 DISTRICT OR CHARTER SCHOOL IS COMPUTED BY MULTIPLYING THE NUMBER OF ENGLISH
36 LANGUAGE LEARNER PUPILS BY:

37 1. SIX HUNDRED SIXTY-SEVEN DOLLARS IN FISCAL YEAR 2006-2007.

38 2. NINE HUNDRED SEVENTY-EIGHT DOLLARS IN FISCAL YEAR 2007-2008.

39 3. ONE THOUSAND TWO HUNDRED EIGHTY-NINE DOLLARS IN FISCAL YEAR
40 2008-2009.

41 4. AFTER FISCAL YEAR 2008-2009, THE ANNUAL INFLATION ADJUSTMENT
42 PRESCRIBED IN SECTION 15-901.01.

43 D. THE STATE BOARD OF EDUCATION SHALL NOT INCLUDE IN THE AGGREGATE
44 EXPENDITURE OF LOCAL REVENUES AS DETERMINED IN SECTION 15-911 THE AMOUNT OF

1 REVENUES COLLECTED FROM THE ENGLISH LANGUAGE ACQUISITION PROGRAM PURSUANT TO
2 THIS SECTION.

3 E. EACH SCHOOL DISTRICT OR CHARTER SCHOOL SHALL ESTABLISH A DISTRICT
4 OR CHARTER SCHOOL ENGLISH LANGUAGE ACQUISITION PROGRAM FUND AND SHALL USE THE
5 MONIES ONLY FOR THE PURPOSES PRESCRIBED IN SUBSECTION B OF THIS SECTION. THE
6 ENGLISH LANGUAGE ACQUISITION PROGRAM FUND BUDGET LIMIT FOR EACH SCHOOL
7 DISTRICT OR CHARTER SCHOOL IS THE SUM OF:

8 1. THE ALLOCATION THAT IS COMPUTED FOR THE DISTRICT OR CHARTER SCHOOL
9 PURSUANT TO SUBSECTION C OF THIS SECTION.

10 2. THE UNEXPENDED BUDGET BALANCE FROM THE ENGLISH LANGUAGE ACQUISITION
11 PROGRAM FUND FROM THE PRECEDING FISCAL YEAR.

12 3. THE NET INTEREST EARNED ON MONIES IN THE FUND DURING THE PRECEDING
13 FISCAL YEAR.

14 F. FOR THE PURPOSES OF THIS SECTION:

15 1. "COMPENSATORY INSTRUCTION" MEANS ACADEMIC INTERVENTION AND LANGUAGE
16 ACQUISITION SERVICES PROVIDED TO STUDENTS, SUBJECT TO PARENTAL CONSENT, THAT
17 ARE INTENDED TO CURE SKILL OR KNOWLEDGE DEFICITS IDENTIFIED PURSUANT TO
18 SECTION 15-756, SUBSECTION A, PARAGRAPH 4, INCLUDING:

19 (a) PROGRAMS THAT ARE IN ADDITION TO NORMAL CLASSROOM INSTRUCTION.

20 (b) SMALL GROUP INSTRUCTION, EXTENDED DAY PROGRAMS OR SUMMER SCHOOL
21 AND INTERSESSION CLASSES.

22 2. "ENGLISH LANGUAGE LEARNER PUPILS" MEANS ELL AS DEFINED IN SECTION
23 15-901.

24 Sec. 16. Section 15-971, Arizona Revised Statutes, is amended to read:

25 15-971. Determination of equalization assistance payments from
26 county and state funds for school districts

27 A. Equalization assistance for education is computed by determining
28 the total of the following:

29 1. The lesser of a school district's revenue control limit or district
30 support level as determined in section 15-947 or 15-951.

31 2. The capital outlay revenue limit of a school district as determined
32 in section 15-951 or 15-961.

33 3. The soft capital allocation of a school district as determined in
34 section 15-951 or 15-962.

35 4. THE ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION OF A SCHOOL
36 DISTRICT AS DETERMINED IN SECTION 15-966.

37 B. From the total of the amounts determined in subsection A of this
38 section subtract:

39 1. The amount that would be produced by levying the applicable
40 qualifying tax rate determined pursuant to section 41-1276 for a high school
41 district or a common school district within a high school district which does
42 not offer instruction in high school subjects as provided in section 15-447.

43 2. The amount that would be produced by levying the applicable
44 qualifying tax rate determined pursuant to section 41-1276 for a unified
45 school district, a common school district not within a high school district

1 or a common school district within a high school district which offers
2 instruction in high school subjects as provided in section 15-447. The
3 qualifying tax rate shall be applied in the following manner:

4 (a) For the purposes of the amount determined in subsection A,
5 paragraph 1 of this section:

6 (i) Determine separately the percentage that the weighted student
7 count in preschool programs for children with disabilities, kindergarten
8 programs and grades one through eight and the weighted student count in
9 grades nine through twelve is to the weighted student count determined in
10 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

11 (ii) Apply the percentages determined in item (i) ~~of this subdivision~~
12 to the amount determined in subsection A, paragraph 1 of this section.

13 (b) For the purposes of the amounts determined in subsection A,
14 paragraphs 2 and 3 of this section determine separately the amount of the
15 capital outlay revenue limit and the amount of the soft capital allocation
16 attributable to the student count in preschool programs for children with
17 disabilities, kindergarten programs and grades one through eight and grades
18 nine through twelve.

19 (c) From the amounts determined in subdivisions (a) and (b) ~~of this~~
20 ~~paragraph~~ subtract the levy which would be produced by the current qualifying
21 tax rate for a high school district or a common school district within a high
22 school district that does not offer instruction in high school subjects as
23 provided in section 15-447. If the qualifying tax rate generates a levy
24 which is in excess of the total determined in subsection A of this section,
25 the school district shall not be eligible for equalization assistance. ~~In~~
26 **FOR THE PURPOSES OF** this subsection, "assessed valuation" includes the values
27 used to determine voluntary contributions collected pursuant to title 9,
28 chapter 4, article 3 and title 48, chapter 1, article 8.

29 3. The amount that would be produced by levying a qualifying tax rate
30 in a joint vocational and technological education district, which shall be
31 five cents per one hundred dollars assessed valuation unless the legislature
32 sets a lower rate by law.

33 4. The amount of government property lease excise tax monies that were
34 distributed to the district pursuant to section 42-6205 during the preceding
35 fiscal year.

36 C. County aid for equalization assistance for education shall be
37 computed as follows:

38 1. Determine the total equalization assistance for all school
39 districts in the county as provided in subsections A and B of this section.

40 2. Determine the total amount of county aid collected for all school
41 districts in the county as provided in section 15-994.

42 3. Divide the amount determined in paragraph 2 of this subsection by
43 the amount determined in paragraph 1 of this subsection.

1 4. Multiply the amount determined in subsections A and B of this
2 section by the quotient determined in paragraph 3 of this subsection for each
3 school district.

4 5. The amount determined in paragraph 4 of this subsection shall be
5 the county aid for equalization assistance for education for a school
6 district.

7 D. State aid for equalization assistance for education for a school
8 district shall be computed as follows:

9 1. Determine the equalization assistance for education for a school
10 district as provided in subsections A and B of this section.

11 2. For each county, determine the levy that would be produced by the
12 tax rate for equalization assistance for education prescribed in section
13 15-994, subsection A.

14 3. For each county, determine the total amount to be paid from monies
15 collected from the tax levy for equalization assistance for education into
16 the small district service program fund as prescribed by section 15-365 and
17 into the detention center education fund as prescribed by section 15-913.

18 4. Subtract the amount determined in paragraph 3 of this subsection
19 from the amount determined in paragraph 2 of this subsection.

20 5. Prorate the amount determined in paragraph 4 of this subsection to
21 each school district in the county as prescribed by subsection C of this
22 section.

23 6. Subtract the amount determined in paragraph 5 of this subsection
24 from the amount determined in paragraph 1 of this subsection.

25 E. Equalization assistance for education shall be paid from
26 appropriations for that purpose to the school districts as provided in
27 section 15-973.

28 F. A school district shall report expenditures on approved career and
29 technical education and vocational education programs in the annual financial
30 report according to uniform guidelines prescribed by the uniform system of
31 financial records and in order to facilitate compliance with sections 15-255
32 and 15-904.

33 G. The additional weight for state aid purposes given to special
34 education as provided in section 15-943 shall be given to school districts
35 only if special education programs comply with ~~the provisions of~~ chapter 7,
36 article 4 of this title and the conditions and standards prescribed by the
37 superintendent of public instruction pursuant to rules of the state board of
38 education for pupil identification and placement pursuant to sections 15-766
39 and 15-767.

40 H. In addition to general fund appropriations, all amounts received
41 pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029,
42 subsection E, paragraph 5 and from any other source for the purposes of this
43 section are appropriated for state aid to schools as provided in this
44 section.

1 I. The total amount of state monies that may be spent in any fiscal
2 year for state equalization assistance shall not exceed the amount
3 appropriated or authorized by section 35-173 for that purpose. This section
4 shall not be construed to impose a duty on an officer, agent or employee of
5 this state to discharge a responsibility or to create any right in a person
6 or group if the discharge or right would require an expenditure of state
7 monies in excess of the expenditure authorized by legislative appropriation
8 for that specific purpose.

9 Sec. 17. Section 15-974, Arizona Revised Statutes, is amended to read:

10 15-974. Equalization assistance for education for accommodation
11 schools; definition

12 A. Equalization assistance for education for accommodation schools
13 shall be computed as follows:

14 1. Determine the total of the lesser of an accommodation school's
15 revenue control limit or district support level as determined in section
16 15-947, an accommodation school's capital outlay revenue limit as determined
17 in section 15-961, ~~and~~ an accommodation school's soft capital allocation as
18 determined in section 15-962 AND AN ACCOMMODATION SCHOOL'S ENGLISH LANGUAGE
19 ACQUISITION PROGRAM ALLOCATION AS DETERMINED IN SECTION 15-966.

20 2. From the amount determined in paragraph 1 ~~of this subsection~~
21 subtract the monies received from P.L. 81-874 for the prior fiscal year if
22 the amount to be received in the current fiscal year is equal to or greater
23 than the amount received in the prior fiscal year. If the amount to be
24 received during the current fiscal year is less than the amount received in
25 the prior fiscal year, the subtraction shall be determined as follows:

26 (a) Subtract the amount to be received in the current fiscal year,
27 adjusting the final payment to reflect actual receipts during the fiscal
28 year.

29 (b) If additional P.L. 81-874 monies are received after the
30 computation of the last payment of state aid but before the end of the fiscal
31 year, the amount received late shall be subtracted from the equalization
32 assistance for the following fiscal year, except that the total amount
33 reduced pursuant to subdivision (a) ~~of this paragraph~~ and this subdivision
34 shall not exceed the amount of P.L. 81-874 monies received in the prior year.

35 3. Equalization assistance for an accommodation school shall be the
36 amount determined in paragraph 2 ~~of this subsection~~.

37 B. Equalization assistance for education for accommodation schools
38 shall be paid from appropriations for that purpose to the school districts as
39 provided in section 15-973.

40 C. When an accommodation school has a positive total cash balance at
41 the end of a fiscal year in its maintenance and operation fund, the county
42 school superintendent of the county in which the accommodation school is
43 located may authorize an addition to the accommodation school's revenue
44 control limit as provided in section 15-947, subsection A for the following
45 fiscal year. The county school superintendent may not authorize an addition

that exceeds the lesser of the ending cash balance less the amount budgeted for the budget balance carryforward as provided in section 15-943.01 or ten per cent of the revenue control limit of the accommodation school. If an accommodation school has a cash balance in excess of the amount needed to fund the budget balance carryforward, the addition authorized pursuant to this subsection and the items listed in section 15-947, subsection C, paragraph 2, subdivisions (c) and (f) for the following fiscal year, the remaining cash balance shall be used to reduce the amount of state aid for equalization assistance for education for the accommodation school as provided in section 15-971, subsection D for the following year.

D. ~~The provisions of~~ Subsection C of this section ~~shall~~ DOES not apply to an accommodation school with a student count of one hundred twenty-five or less in kindergarten programs and grades one through eight or to an accommodation school which offers instruction in grades nine, ten, eleven or twelve and which has a student count of one hundred or less in grades nine through twelve.

E. For the ~~purpose~~ PURPOSES of this section, "monies received from P.L. 81-874" means total P.L. 81-874 monies less P.L. 81-874 monies for children with disabilities, children with specific learning disabilities and children residing on Indian lands which are in addition to the basic assistance as provided in 20 United States Code section 238, subsection (d), paragraph 2, clauses (C) and (D).

Sec. 18. Section 15-996, Arizona Revised Statutes, is amended to read:

15-996. Duties of county treasurer relating to school district's monies

The county treasurer shall:

1. Receive and hold all school district monies and keep a separate account for each school district and for the special county school reserve fund. The county treasurer may maintain separate accounts for each fund of a school district or the county treasurer may maintain only two accounts for each school district's monies in addition to the funds provided for in sections 15-1024, 15-1025, 15-2021, 15-2031 and 15-2041. If only two accounts are maintained, the first account shall consist of maintenance and operation, unrestricted capital outlay, soft capital allocation, ENGLISH LANGUAGE ACQUISITION PROGRAM ALLOCATION and adjacent ways monies and the classroom site fund prescribed in section 15-977 and the second account shall consist of federal and state grant monies and all other monies.

2. Pool school district monies for investment except as provided in sections 15-1024 and 15-1025. Interest earned on the monies pooled for investment shall be apportioned at least quarterly to the appropriate school district based on an average monthly balance as prescribed in the uniform system of accounting for county treasurers as provided in section 41-1279.21.

3. Notwithstanding section 11-605, register warrants only as follows:

(a) If separate accounts are maintained for each fund, warrants may only be registered on the maintenance and operation, unrestricted capital

1 outlay, soft capital allocation, **ENGLISH LANGUAGE ACQUISITION PROGRAM**
2 **ALLOCATION** and adjacent ways accounts and the classroom site fund prescribed
3 in section 15-977 and only if the total cash balance of all three accounts is
4 insufficient to pay the warrants.

5 (b) If the county treasurer maintains only two accounts as provided in
6 paragraph 1 of this section:

7 (i) The county treasurer may register warrants only on the first
8 account and only if the balance of that account is insufficient to pay the
9 warrants.

10 (ii) The county treasurer may honor warrants for any federal or state
11 grant fund with a negative balance as long as the total balance in the second
12 account is positive. If the second account total balance is negative the
13 warrant for a federal or state grant fund shall be charged to the maintenance
14 and operation fund. Any interest charged to the federal or state grant fund
15 as a result of a negative balance that is in excess of interest earned on the
16 fund shall be transferred to the maintenance and operation fund at the end of
17 the fiscal year or the end of the grant year. If a federal or state grant
18 fund has a negative balance at the end of the fiscal year or grant year,
19 sufficient expenditures shall be transferred to the maintenance and operation
20 fund to eliminate the negative balance.

21 4. Notify the county school superintendent by the fifteenth day of
22 each calendar month of the month end balances of each school district
23 account.

24 5. Pay warrants issued by the county school superintendent and duly
25 endorsed by the person entitled to receive the monies.

26 6. On each property tax bill and each property tax statement prepared,
27 separately state and identify by name each school district's primary property
28 tax rate, the secondary property tax rate that is associated with overrides,
29 the secondary property tax rate that is associated with class A bonds and the
30 secondary property tax rate that is associated with class B bonds. For **THE**
31 purposes of this paragraph, "class A bonds" and "class B bonds" have the same
32 meanings prescribed in section 15-101.

33 Sec. 19. Section 41-1279.03, Arizona Revised Statutes, is amended to
34 read:

35 **41-1279.03. Powers and duties**

36 A. The auditor general shall:

37 1. Prepare an audit plan for approval by the committee and report to
38 the committee the results of each audit and investigation and other reviews
39 conducted by the auditor general.

40 2. Conduct or cause to be conducted at least biennial financial and
41 compliance audits of financial transactions and accounts kept by or for all
42 state agencies subject to the single audit act of 1984 (P.L. 98-502). The
43 audits shall be conducted in accordance with generally accepted governmental
44 auditing standards and accordingly shall include tests of the accounting
45 records and other auditing procedures as may be considered necessary in the

1 circumstances. The audits shall include the issuance of suitable reports as
2 required by the single audit act of 1984 (P.L. 98-502) so the legislature,
3 federal government and others will be informed as to the adequacy of
4 financial statements of the state in compliance with generally accepted
5 governmental accounting principles and to determine whether the state has
6 complied with laws and regulations that may have a material effect on the
7 financial statements and on major federal assistance programs.

8 3. Perform procedural reviews for all state agencies at times
9 determined by the auditor general. These reviews may include evaluation of
10 administrative and accounting internal controls and reports on such reviews.

11 4. Perform special research requests, special audits and related
12 assignments as designated by the committee and conduct performance audits,
13 special audits, special research requests and investigations of any state
14 agency, whether created by the constitution or otherwise, as may be requested
15 by the committee.

16 5. Annually on or before the fourth Monday of December prepare a
17 written report to the governor and to the committee which contains a summary
18 of activities for the previous fiscal year.

19 6. In the tenth year and in each fifth year thereafter in which a
20 transportation excise tax is in effect in a county as provided in section
21 42-6104, 42-6106 or 42-6107 conduct a performance audit that:

22 (a) Reviews past expenditures and future planned expenditures of the
23 transportation excise revenues and determines the impact of the expenditures
24 in solving transportation problems within the county and, for a
25 transportation excise tax in effect in a county as provided in section
26 42-6107, determines whether the expenditures of the transportation excise
27 revenues comply with section 28-6392, subsection B.

28 (b) Reviews projects completed to date and projects to be completed
29 during the remaining years in which a transportation excise tax is in effect.
30 Within six months after each review period the auditor general shall present
31 a report to the speaker of the house of representatives and the president of
32 the senate detailing findings and making recommendations. If the parameters
33 of the performance audit are set by the citizens transportation oversight
34 committee, the auditor general shall also present the report to the citizens
35 transportation oversight committee.

36 (c) Reviews, determines, reports and makes recommendations to the
37 speaker of the house of representatives and the president of the senate
38 whether the distribution of highway user revenues complies with title 28,
39 chapter 18, article 2. If the parameters of the performance audit are set by
40 the citizens transportation oversight committee, the auditor general shall
41 also present the report to the citizens transportation oversight committee.

42 7. If requested by the committee, conduct performance audits of
43 counties and incorporated cities and towns receiving highway user revenue
44 fund monies pursuant to title 28, chapter 18, article 2 to determine if the
45 monies are being spent as provided in section 28-6533, subsection B.

1 8. Perform special audits designated pursuant to law if the auditor
2 general determines that there are adequate monies appropriated for the
3 auditor general to complete the audit. If the auditor general determines the
4 appropriated monies are inadequate, the auditor general shall notify the
5 committee.

6 9. ~~Beginning on July 1, 2001,~~ Establish a school-wide audit team in
7 the office of the auditor general to conduct performance audits and monitor
8 school districts to determine the percentage of every dollar spent in the
9 classroom by a school district **AND TO DETERMINE WHETHER SCHOOL DISTRICTS AND**
10 **CHARTER SCHOOLS ARE IN COMPLIANCE WITH SECTION 15-966.** The auditor general
11 shall determine, through random selection, the school districts to be audited
12 each year, subject to review by the joint legislative audit committee. A
13 school district that is subject to an audit pursuant to this paragraph shall
14 notify the auditor general in writing as to whether the school district
15 agrees or disagrees with the findings and recommendations of the audit and
16 whether the school district will implement the findings and recommendations,
17 implement modifications to the findings and recommendations or refuse to
18 implement the findings and recommendations. The school district shall submit
19 to the auditor general a written status report on the implementation of the
20 audit findings and recommendations every six months for two years after an
21 audit conducted pursuant to this paragraph. The auditor general shall review
22 the school district's progress toward implementing the findings and
23 recommendations of the audit every six months after receipt of the district's
24 status report for two years. The auditor general may review a school
25 district's progress beyond this two-year period for recommendations that have
26 not yet been implemented by the school district. The auditor general shall
27 provide a status report of these reviews to the joint legislative audit
28 committee. The school district shall participate in any hearing scheduled
29 during this review period by the joint legislative audit committee or by any
30 other legislative committee designated by the joint legislative audit
31 committee.

32 10. **PRESCRIBE A BUDGET FORMAT FOR USE BY SCHOOL DISTRICTS AND CHARTER**
33 **SCHOOLS IN THE REPORTING REQUIREMENTS PRESCRIBED IN SECTION 15-756.02,**
34 **SUBSECTION B, PARAGRAPHS 8 AND 9.**

35 B. The auditor general may:

36 1. Subject to approval by the committee, adopt rules necessary to
37 administer the duties of the office.

38 2. Hire consultants to conduct the studies required by subsection A,
39 paragraphs 6 and 7 of this section.

40 C. If approved by the committee the auditor general may charge a
41 reasonable fee for the cost of performing audits or providing accounting
42 services for auditing federal funds, special audits or special services
43 requested by political subdivisions of the state. Monies collected pursuant
44 to this subsection shall be deposited in the audit services revolving fund.

1 D. The department of transportation, the board of supervisors of a
2 county that has approved a county transportation excise tax as provided in
3 section 42-6104, 42-6106 or 42-6107 and the governing bodies of counties,
4 cities and towns receiving highway user revenue fund monies shall cooperate
5 with and provide necessary information to the auditor general or the auditor
6 general's consultant.

7 E. The department of transportation shall reimburse the auditor
8 general as follows, and the auditor general shall deposit the reimbursed
9 monies in the audit services revolving fund:

10 1. For the cost of conducting the studies or hiring a consultant to
11 conduct the studies required by subsection A, paragraph 6, subdivisions (a)
12 and (b) of this section, from monies collected pursuant to a county
13 transportation excise tax levied pursuant to section 42-6104, 42-6106 or
14 42-6107.

15 2. For the cost of conducting the studies or hiring a consultant
16 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
17 this section, from the Arizona highway user revenue fund.

18 Sec. 20. Appropriation; state board of education; purpose;
19 exemption

20 A. The sum of \$1,000,000 is appropriated from the state general fund
21 in fiscal year 2006-2007 to the state board of education to employ additional
22 research staff, to employ contracted third parties to develop best practices
23 models and strategies as provided by section 15-756, Arizona Revised
24 Statutes, as added by this act, or for other duties as prescribed by this
25 act.

26 B. The appropriation made in subsection A of this section is exempt
27 from the provisions of section 35-190, Arizona Revised Statutes, relating to
28 lapsing of appropriations.

29 Sec. 21. Appropriation; department of education; monitoring;
30 exemption

31 A. The sum of \$_____ is appropriated from the state general fund
32 in fiscal year 2006-2007 to the department of education for the purposes
33 prescribed in section 15-756.02, Arizona Revised Statutes, as added by this
34 act.

35 B. The appropriation made in subsection A of this section is exempt
36 from the provisions of section 35-190, Arizona Revised Statutes, relating to
37 lapsing of appropriations.

38 Sec. 22. Appropriation; auditor general; purpose; exemption

39 A. The sum of \$_____ is appropriated from the state general fund
40 in fiscal year 2006-2007 to the auditor general for the purposes prescribed
41 in section 42-1279.03, Arizona Revised Statutes, as amended by this act.

42 B. The appropriation made in subsection A of this section is exempt
43 from the provisions of section 35-190, Arizona Revised Statutes, relating to
44 lapsing of appropriations.

1 Sec. 23. Appropriation: purpose

2 The sum of \$13,500,000 is appropriated from the state general fund to
3 the department of education in fiscal year 2006-2007 for distribution to
4 schools and charter schools for the increased support level weight for pupils
5 that qualify for the ELL funding category as prescribed in section 15-943,
6 Arizona Revised Statutes, as amended by section 12 of this act.

7 Sec. 24. State board of education deadline for adopting best
8 practices models and strategies

9 The state board of education shall adopt best practices models and
10 strategies pursuant to section 15-756, Arizona Revised Statutes, as added by
11 this act, on or before August 15, 2006.

12 Sec. 25. Effective date

13 Section 15-943, Arizona Revised Statutes, as amended by section 13 of
14 this act, is effective from and after June 30, 2007.